Department of the Treasury
Internal Revenue Service

2005

Returns for

Private Foundations
or Section 4947(a)(1) Nonexempt Charitable Trusts Treated as Private Foundations

This package contains the following forms and related instructions:

Form 990-PF **Form 4720** **Schedule B (Form 990, 990-EZ, or 990-PF)**
Form 990-T **Form 8868**
Form 990-W

All forms are placed in this package for easy removal. Also enclosed is a completed sample Form 990-PF with supplemental instructions.

The IRS will assess penalties for an incomplete or incorrect return. Organizations that do not file a complete return will receive a letter requesting the missing information. If missing or correct information is not furnished or reasonable cause is not established, the organization will be assessed a penalty under section 6652(c)(1). See the Form 990-PF instructions for penalty amounts. Accordingly, we caution you to make certain the return is complete and correct and urge you to respond promptly to any letter requests for missing information.

Organizations, including private foundations, that are eligible to receive tax deductible contributions are listed in Pub. 78, Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986.

A private foundation may be removed from this listing if our records show that it did not file a return on Form 990-PF. However, contributions to such an organization may continue to be deductible by the general public until the IRS publishes a notice to the contrary in the Internal Revenue Bulletin.

A private foundation must:

- Make its annual returns (which include any amended returns) and exemption application available for public inspection, including all attachments and schedules.
- Provide a copy without charge (other than a reasonable fee for reproduction and actual postage costs) of all or any part of any exemption application or annual return required to be made available for public inspection, to any individual who makes a request for a copy in person or in writing or make the exemption application and annual returns widely available. See *General Instruction Q.*

Payments to Victims of Terrorism. If your foundation made payments to victims of terrorism under the terms of section 104 of the Victims of Terrorism Tax Relief Act of 2001, you must specifically describe these payments in your narrative of *Purpose of grant or contribution* on Part XV, line 3, of Form 990-PF (unless an exception under 1a or 1b (below) is met). If the IRS needs more information concerning these payments, we will issue further guidance.

Avoiding Common Mistakes

Mistakes may result in penalties being assessed and in notices being sent to you. Please:

1. Complete Part XV unless:

a. The foundation's assets are less than $5,000 for the entire year, or

b. The foundation is a foreign foundation that meets the requirements described in Part XV.

2. Complete Part XV, line 3, if Part I, line 25, has an amount entered and the foundation does not meet an exception listed in 1 above.

3. Complete all of Part II if the foundation's total assets are $5,000 or more at any time during the year. If the foundation has less than $5,000 of total assets at all times during the year, complete all of columns (a) and (b), and only line 16 of column (c).

4. Do not check the box on Part VI, line 1a, if the foundation has been in existence less than 10 years or does not have an IRS ruling that establishes it as a section 4940(d)(2) exempt operating foundation.

5. Be sure to check the box on Part I, line 2, if Schedule B (Form 990, 900-EZ, or 990-PF), Schedule of Contributors, is not attached.

Internal Revenue Service
P.O. Box 3737
Ogden, UT 84409

Official Business
Penalty for Private Use, $300
Do Not Forward

Peel off the label and place it in the address area of the Form 990-PF you file. If someone else prepares the return, please give the preparer the peel-off label and ask the preparer to use it. Make necessary corrections on the label.

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Internal Revenue Service
Permit No. G-48

Package 990-PF

Cat. No. 47192P

2005

Department of the Treasury
Internal Revenue Service

Instructions for Form 990-PF

Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Section references are to the Internal Revenue Code unless otherwise noted.

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What's New

Private Foundations now have the option to file electronically. See *e-file* for Charities & Nonprofits on the IRS website at *www.irs.gov/efile/index.html.*

For tax year 2006, certain private foundations will be required to file electronically. See Regulations section 301.6033-4T for more information.

Reminder

Form 990-PF, Part I, was revised in 2004 to reflect Notice 2004-35, 2004-19, I.R.B. 889, regarding distributions received by private foundations from split interest trusts. Distributions received by a private foundation from an estate or trust, including split interest trusts, will not retain its character in the hands of the private foundation for the purposes of computing the private foundation's net investment income. Also, Part XI was revised in 2004 to reflect Notice 2004-36, 2004-19, I.R.B. 889, concerning the treatment of certain distributions from split interest trusts described in section 4947(a)(2). Distributions from split interests trusts, are no longer included in figuring a private foundation's distributable amount.

For prior years within the statute of limitations, and for which a refund of Section 4940 taxes paid is requested, private foundations must file an amended Form 990-PF. Write "Filed pursuant to Notice 2004-35" at the top of the first page.

To request a refund of section 4942 taxes paid, a private foundation must file an amended Form 990-PF and an amended Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code, for each year with a schedule showing the corrected amount of section 4942 liability. The front page of the returns should be marked "Filed pursuant to Notice 2004-36." See *General Instruction L* of Form 990-PF for more information on filing amended returns.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Phone Help

If you have questions and/or need help completing this form, please call 1-800-829-4933. This toll-free telephone service is available Monday through Friday.

How To Get Forms and Publications

Internet

You can access the IRS website 24 hours a day, 7 days a week at *www.irs.gov* to:

- Download forms, instructions, and publications,
- Order IRS products online,
- See answers to frequently asked tax questions,
- Search publications online by topic or keyword,
- Send us comments or request help via email, or
- Sign up to receive local and national tax news by email.

CD-ROM

Order Pub. 1796, Federal Tax Products on CD-ROM, and get:

- Current year forms, instructions, and publications,
- Prior year forms, instructions, and publications,
- Frequently requested tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping, and
- The Internal Revenue Bulletin.

Buy the CD-ROM on the Internet at *www.irs.gov/cdorders* from the National Technical Information Service (NTIS) for $25 (no handling fee), or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD-ROM for $25 (plus a $5 handling fee).

By Phone and In Person

You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

Use these electronic options to make filing and paying easier.

IRS E-Services Make Taxes Easier

Now more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle you own taxes, the IRS offers you convenient programs to make taxes easier.

- You can *e-file* your Form 990-PF; Form 940 and 941 employment tax returns; Form 1099 and other information returns. Visit *www.irs.gov/efile* for details.
- You can pay taxes online or by phone using the free Electronic Federal Tax Payment System (EFTPS). Visit *www.eftps.gov* or call 1-800-555-4477 for details. Electronic Funds Withdrawal (EFW) from a checking or savings account is also available to those who file electronically.

General Instructions

Purpose of form. Form 990-PF is used:

- To figure the tax based on investment income, and
- To report charitable distributions and activities.

Also, Form 990-PF serves as a substitute for the section 4947(a)(1) nonexempt charitable trust's income tax return, Form 1041, U.S. Income Tax Return for Estates and Trusts, when the trust has no taxable income.

A. Who Must File

Form 990-PF is an annual information return that must be filed by:

- Exempt private foundations (section 6033(a), (b), and (c)),
- Taxable private foundations (section 6033(d)),
- Organizations that agree to private foundation status and whose applications for exempt status are pending on the due date for filing Form 990-PF,
- Organizations that made an election under section 41(e)(6),
- Organizations that are making a section 507 termination, and
- Section 4947(a)(1) nonexempt charitable trusts that are treated as private foundations (section 6033(d)).

TIP *Include on the foundation's return the financial and other information of any disregarded entity owned by the foundation. See Regulations sections 301.7701-1 through 3 for information on the classification of certain business organizations including an eligible entity that is disregarded as an entity separate from its owner (disregarded entity).*

Other section 4947(a)(1) nonexempt charitable trusts. Section 4947(a)(1) nonexempt charitable trusts that are not treated as private foundations do not file Form 990-PF. However, they may need to file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. With either of these forms, the trust must also file Schedule A (Form 990 or 990-EZ), Organization Exempt Under Section 501(c)(3) (Except Private Foundation), and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1) Nonexempt Charitable Trust Supplementary Information. (See Form 990 and Form 990-EZ instructions.)

B. Which Parts To Complete

The parts of the form listed below do not apply to all filers. See *How to avoid filing an incomplete return* on this page for information on what to do if a part or an item does apply.

- Part I, column (c), applies only to private operating foundations and to nonoperating private foundations that have income from charitable activities.
- Part II, column (c), with the exception of line 16, applies only to organizations having at least $5,000 in assets per books at some time during the year. Line 16, column (c), applies to all filers.
- Part IV does not apply to foreign organizations.
- Parts V and VI do not apply to organizations making an election under section 41(e).
- Part X does not apply to foreign foundations that check box D2 on page 1 of Form 990-PF unless they claim status as a private operating foundation.
- Parts XI and XIII do not apply to foreign foundations that check box D2 on page 1 of Form 990-PF. However, check the box at the top of Part XI. Part XI does not apply to private operating foundations. Also, if the organization is a private operating foundation for any of the years shown in Part XIII, do not complete the portions that apply to those years.
- Part XIV applies only to private operating foundations.
- Part XV applies only to organizations having assets of $5,000 or more during the year. This part does not apply to certain foreign organizations.

How to avoid filing an incomplete return.

- Complete all applicable line items,
- Answer "Yes," "No," or "N/A" (not applicable) to each question on the return,
- Make an entry (including a zero when appropriate) on all total lines, and
- Enter "None" or "N/A" if an entire part does not apply.

Sequencing Chart To Complete the Form

You may find the following chart helpful. It limits jumping from one part of the form to another to compute an amount needed to complete an earlier part. If you complete the parts in the listed order, any information you may need from another part will already be entered.

Step	Part	Step	Part
1	IV	8	XII, lines 1–4
2	I & II	9	V & VI
3	Heading	10	XII, lines 5–6
4	III	11	XI
5	VII-A	12	XIII
6	VIII	13	VII-B
7	IX-A – X	14	XIV – XVII

C. Definitions

1. A private foundation is a domestic or foreign organization exempt from income tax under section 501(a); described in section 501(c)(3); and is other than an organization described in sections 509(a)(1) through (4).

In general, churches, hospitals, schools, and broadly publicly supported organizations are excluded from private foundation status by these sections. These organizations may be required to file Form 990 (or Form 990-EZ) instead of Form 990-PF.

2. A nonexempt charitable trust treated as a private foundation is a trust that is not exempt from tax under section 501(a) and all of the unexpired interests of which are devoted to religious, charitable, or other purposes described in section 170(c)(2)(B), and for which a deduction was allowed under a section of the Code listed in section 4947(a)(1).

3. A taxable private foundation is an organization that is no longer exempt under section 501(a) as an organization described in section 501(c)(3). Though it may operate as a taxable entity, it will continue to be treated as a private foundation until that status is terminated under section 507.

4. A private operating foundation is an organization that is described under section 4942(j)(3) or (5). It means any private foundation that spends at least 85% of the smaller of its adjusted net income (figured in Part I) or its minimum investment return (figured in Part X) directly for the active conduct of the exempt purpose or functions for which the foundation is organized and operated and that also meets the assets test, the endowment test, or the support test (discussed in Part XIV).

5. A nonoperating private foundation is a private foundation that is not a private operating foundation.

6. A foundation manager is an officer, director, or trustee of a foundation, or an individual who has powers similar to those of officers, directors, or trustees. In the case of any act or failure to act, the term “foundation manager” may also include employees of the foundation who have the authority to act.

7. A disqualified person is:

a. A substantial contributor (see *instructions for Part VII-A, line 10, on page 19*);

b. A foundation manager;

c. A person who owns more than 20% of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor;

d. A family member of an individual described in a, b, or c above; or

e. A corporation, partnership, trust, or estate in which persons described in a, b, c, or d above own a total beneficial interest of more than 35%.

f. For purposes of section 4941 (self-dealing), a disqualified person also includes certain government officials. (See section 4946(c) and the related regulations.)

g. For purposes of section 4943 (excess business holdings), a disqualified person also includes:

i. A private foundation that is effectively controlled (directly or indirectly) by the same persons who control the private foundation in question, or

ii. A private foundation to which substantially all of the contributions were made (directly or indirectly) by one or more of the persons described in a, b, and c above, or members of their families, within the meaning of section 4946(d).

8. An organization is controlled by a foundation or by one or more disqualified persons with respect to the foundation if any of these persons may, by combining their votes or positions of authority, require the organization to make an expenditure or prevent the organization from making an expenditure, regardless of the method of control. “Control” is determined regardless of how the foundation requires the contribution to be used.

D. Other Forms You May Need To File

- Form W-2, Wage and Tax Statement.
- Form W-3, Transmittal of Wage and Tax Statements.
- Form 941, Employer’s Quarterly Federal Tax Return.

These forms are used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.

If income, social security, and Medicare taxes that must be withheld are not withheld or are not paid to the IRS, a trust fund recovery penalty may apply. The penalty is 100% of such unpaid taxes.

This penalty may be imposed on all persons (including volunteers, see below) whom the IRS determines to be responsible for collecting, accounting for, and paying over these taxes, and who willfully did not do so.

This penalty does not apply to any volunteer, unpaid member of any board of trustees or directors of a tax-exempt organization, if this member:

- Is solely serving in an honorary capacity,
- Does not participate in the day-to-day or financial activities of the organization, and
- Does not have actual knowledge of the failure to collect, account for, and pay over these taxes.

However, this exception does not apply if it results in no person being liable for the penalty.

Form 990-T, Exempt Organization Business Income Tax Return. Every organization exempt from income tax under section 501(a) that has total gross income of $1,000 or more from all trades or businesses that are unrelated to the organization’s exempt purpose must file a return on Form 990-T. The form is also used by tax-exempt organizations to report other additional taxes including the additional tax figured in Part IV of Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations (and on Investment Income for Private Foundations). Use of this form is optional. It is provided only to aid you in determining your tax liability.

Form 1041, U.S. Income Tax Return for Estates and Trusts. Required of section 4947(a)(1) nonexempt charitable trusts that also file Form 990-PF. However, if the trust does not have any taxable income under the income tax provisions (subtitle A of the Code), it may use the filing of Form 990-PF to satisfy its Form 1041 filing requirement under section 6012. If this condition is met, check the box for question 13, Part VII-A, of Form 990-PF and do not file Form 1041.

Form 1041-ES, Estimated Income Tax for Estates and Trusts. Used to make estimated tax payments.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Used to transmit forms 1099, 1098, 5498, and W-2G to the IRS. Do not use it to transmit electronically or magnetically.

Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes. Information return for reporting contributions of qualified motor vehicles, boats, and airplanes from donors.

Forms 1099-INT, MISC, OID, and R. Information returns for reporting certain interest; miscellaneous income (e.g., payments to providers of health and medical services, miscellaneous income payments, and nonemployee compensation); original issue discount; and distributions from retirement or profit-sharing plans, IRAs, SEPs or SIMPLEs, and insurance contracts.

Form 1120, U.S. Corporation Income Tax Return. Filed by nonexempt taxable private foundations that have taxable income under the income tax provisions (subtitle A of the Code). The Form 990-PF annual information return is also filed by these taxable foundations.

Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations. Section 501(c) organizations must file Form 1120-POL if they are treated as having political organization taxable income under section 527(f)(1).

Form 1128, Application To Adopt, Change, or Retain a Tax Year. Form 1128 is used to request approval from the IRS to change a tax year or to adopt or retain a certain tax year.

Form 2220, Underpayment of Estimated Tax by Corporations. Form 2220, is used by corporations and trusts filing Form 990-PF to see if the foundation owes a penalty and to figure the amount of the penalty. Generally, the foundation is not required to file this form because the IRS can figure the amount of any penalty and bill the foundation for it. However, complete and attach Form 2220 even if the foundation does not owe the penalty if:

- The annualized income or the adjusted seasonal installment method is used, or
- The foundation is a "large organization," (see *General Instruction O*) computing its first required installment based on the prior year's tax.

If Form 2220 is attached, check the box on line 8, Part VI, on page 4 of Form 990-PF and enter the amount of any penalty on this line.

Form 4506-A, Request for Public Inspection or Copy of Exempt or Political Organization IRS Form. Used to request a copy of an exempt or political organization's return, report, notice, or exemption application.

Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code. Is primarily used to determine the excise taxes imposed on:

- Acts of self-dealing between private foundations and disqualified persons,
- Failure to distribute income,
- Excess business holdings,
- Investments that jeopardize the foundation's charitable purposes, and
- Making political or other noncharitable expenditures.

Certain excise taxes and penalties also apply to foundation managers, substantial contributors, and certain related persons and are reported on this form.

Form 5500, Annual Return/Report of Employee Benefit Plan. Is used to report information concerning employee benefit plans and Direct Filing Entities.

Form 8109, Federal Tax Deposit Coupon. Used by business entities to make federal tax deposits.

Form 8282, Donee Information Return. Required of the donee of "charitable deduction property" that sells, exchanges, or otherwise disposes of the property within 2 years after the date it received the property. Also required of any successor donee that disposes of charitable deduction property within 2 years after the date that the donor gave the property to the original donee. (It does not matter who gave the property to the successor donee. It may have been the original donee or another successor donee.) For successor donees, the form must be filed only for any property that was transferred by the original donee after July 5, 1988.

Form 8275, Disclosure Statement. Taxpayers and tax return preparers should attach this form to Form 990-PF to disclose items or positions (except those contrary to a regulation—see *Form 8275-R* below) that are not otherwise adequately disclosed on the tax return. The disclosure is made to avoid parts of the accuracy-related penalty imposed for disregard of rules or substantial understatement of tax. Form 8275 is also used for disclosures relating to preparer penalties for understatements due to unrealistic positions or for willful or reckless conduct.

Form 8275-R, Regulation Disclosure Statement. Use this form to disclose any item on a tax return for which a position has been taken that is contrary to Treasury regulations.

Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business. Used to report cash amounts in excess of $10,000 that were received in a single transaction (or in two or more related transactions) in the course of a trade or business (as defined in section 162).

Form 8718, User Fee for Exempt Organization Determination Letter Request. Used by a private foundation that has completed a section 507 termination and seeks a determination letter that it is now a public charity.

Form 8822, Change of Address. This form is used by taxpayers to notify the IRS of changes in individual and business mailing addresses.

Form 8868, Application for Extension of Time To File an Exempt Organization Return. This form is used by an exempt organization to request an automatic 3-month extension of time to file its return and also to apply for an additional (not automatic) 3-month extension if the initial 3-month extension is not enough time.

Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts. Used to identify those personal benefit contracts for which funds were transferred to the organization, directly or indirectly, as well as the transferors and beneficiaries of those contracts.

Form 8899, Notice of Income from Donated Intellectual Property. Use this form to report income from qualified intellectual property.

E. Useful Publications

The following publications may be helpful in preparing Form 990-PF:

- Publication 525, Taxable and Nontaxable Income,
- Publication 578, Tax Information for Private Foundations and Foundation Managers,
- Publication 583, Starting a Business and Keeping Records,
- Publication 598, Tax on Unrelated Business Income of Exempt Organizations,
- Publication 910, IRS Guide to Free Tax Services, and
- Publication 1771, Charitable Contributions—Substantiation and Disclosure Requirements.
- Publication 3833, Disaster Relief, Providing Assistance Through Charitable Organizations.

Publications and forms are available at no charge through IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

F. Use of Form 990-PF To Satisfy State Reporting Requirements

Some states and local government units will accept a copy of Form 990-PF and required attachments instead of all or part of their own financial report forms.

If the organization plans to use Form 990-PF to satisfy state or local filing requirements, such as those from state charitable solicitation acts, note the following.

Determine state filing requirements. Consult the appropriate officials of all states and other jurisdictions in which the organization does business to determine their specific filing requirements. "Doing business" in a jurisdiction may include any of the following:

- Soliciting contributions or grants by mail or otherwise from individuals, businesses, or other charitable organizations,
- Conducting programs,
- Having employees within that jurisdiction, or
- Maintaining a checking account or owning or renting property there.

Monetary tests may differ. Some or all of the dollar limitations that apply to Form 990-PF when filed with the IRS may not apply when using Form 990-PF instead of state or local report forms. IRS dollar limitations that may not meet some state requirements are the $5,000 total assets minimum that requires completion of Part II, column (c), and Part XV; and the $50,000 minimum for listing the highest paid employees and for listing professional fees in Part VIII.

Additional information may be required. State and local filing requirements may require attaching to Form 990-PF one or more of the following:

- Additional financial statements, such as a complete analysis of functional expenses or a statement of changes in net assets,
- Notes to financial statements,
- Additional financial schedules,
- A report on the financial statements by an independent accountant, and
- Answers to additional questions and other information.

Each jurisdiction may require the additional material to be presented on forms they provide. The additional information does not have to be submitted with the Form 990-PF filed with the IRS.

If required information is not provided to a state, the organization may be asked by the state to provide it or to submit an amended return, even if the Form 990-PF is accepted by the IRS as complete.

Amended returns. If the organization submits supplemental information or files an amended Form 990-PF with the IRS, it must also include a copy of the information or amended return to any state with which it filed a copy of Form 990-PF.

Method of accounting. Many states require that all amounts be reported based on the accrual method of accounting.

Time for filing may differ. The time for filing Form 990-PF with the IRS may differ from the time for filing state reports.

G. Furnishing Copies of Form 990-PF to State Officials

The foundation managers must furnish a copy of the annual return Form 990-PF (and Form 4720 (if applicable)) to the attorney general of:
- Each state required to be listed in Part VII-A, line 8a,
- The state in which the foundation's principal office is located, and
- The state in which the foundation was incorporated or created.

A copy of the annual return must be sent to the attorney general at the same time the annual return is filed with the IRS.

Other requirements. If the attorney general or other appropriate state official of any state requests a copy of the annual return, the foundation managers must give them a copy of the annual return.

Exceptions. These rules do not apply to any foreign foundation which, from the date of its creation, has received at least 85% of its support (excluding gross investment income) from sources outside the United States. (See *General Instruction S* for other exceptions that affect this type of organization.)

Coordination with state reporting requirements. If the foundation managers submit a copy of Form 990-PF and Form 4720 (if applicable) to a state attorney general to satisfy a state reporting requirement, they do not have to furnish a second copy to that attorney general to comply with the Internal Revenue Code requirements discussed in this section.

If there is a state reporting requirement to file a copy of Form 990-PF with a state official other than the attorney general (for instance, the secretary of state), then the foundation managers must also send a copy of the Form 990-PF and Form 4720 (if applicable) to the attorney general of that state.

H. Accounting Period

- File the 2005 return for the calendar year 2005 or fiscal year beginning in 2005. If the return is for a fiscal year, fill in the tax year space at the top of the return.
- The return must be filed on the basis of the established annual accounting period of the organization. If the organization has no established accounting period, the return should be on the calendar-year basis.
- For initial or final returns or a change in accounting period, the 2005 form may also be used as the return for a short period (less than 12 months) ending November 30, 2006, or earlier.

In general, to change its accounting period the organization must file Form 990-PF by the due date for the short period resulting from the change. At the top of this short period return, write "Change of Accounting Period."

If the organization changed its accounting period within the 10-calendar-year period that includes the beginning of the short period, and it had a Form 990-PF filing requirement at any time during that 10-year period, it must also attach a Form 1128 to the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

I. Accounting Methods

Generally, you should report the financial information requested on the basis of the accounting method the foundation regularly uses to keep its books and records.

Exception. Complete Part I, column (d) on the cash receipts and disbursements method of accounting.

J. When and Where To File

This return must be filed by the 15th day of the 5th month following the close of the foundation's accounting period. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. If the return is filed late, see *General Instruction M.*

In case of a complete liquidation, dissolution, or termination, file the return by the 15th day of the 5th month following complete liquidation, dissolution, or termination.

To file the return, mail or deliver it to:

Internal Revenue Service Center
Ogden, UT 84201-0027

Private Delivery Services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following.
- DHL Express (DHL): DHL"Same Day" Service, DHL Next Day 10:30 AM, DHL Next Day 12:00 PM, DHL Next Day 3:00 PM, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2day, FedEx International Priority, FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, Ups Next Day Air Saver, UPS 2nd Day Air, UPS Next Day A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

If you use a private delivery service, use the following address for filing the return:
Internal Revenue Service
1973 N. Rulon White Blvd.
Ogden, UT 84404

K. Extension of Time To File

A foundation uses Form 8868 to request an extension of time to file its return.

An automatic 3-month extension will be granted if you properly complete this form, file it, and pay any balance due by the due date for Form 990-PF.

If more time is needed, Form 8868 is also used to request an additional extension of up to 3 months. However, these extensions are not automatically granted. To obtain this additional extension of time to file, you must show reasonable cause for the additional time requested.

L. Amended Return

To change the organization's return for any year, file an amended return, including attachments, with the correct information. The amended return must provide all the information required by the form and instructions, not just the new or corrected information. Check the "Amended Return" box in G at the top of the return. See the *instructions for line 9 of Part VI on page 19*.

If the organization files an amended return to claim a refund of tax paid under section 4940 or 4948, it must file the amended return within 3 years after the date the original return was filed, or within 2 years from the date the tax was paid, whichever date is later.

State reporting requirements. See *Amended returns* under *General Instruction F.*

Need a copy of an old return or form? Use Form 4506-A to obtain a copy of a previously filed return. You can obtain blank forms for prior years by calling 1-800-TAX-FORM (1-800-829-3676).

M. Penalty for Failure To File Timely, Completely, or Correctly

To avoid filing an incomplete return or having to respond to requests for missing information, see *General Instruction B.*

Against the organization. If an organization does not file timely and completely, or does not furnish the correct information, it must pay $20 for each day the failure continues ($100 a day if it is a large organization), unless it can show that the failure was due to reasonable cause. Those filing late (after the due date, including extensions) must attach an explanation to the return. The maximum penalty for each return will not exceed the smaller of $10,000 ($50,000 for a large organization) or 5% of the gross receipts of the organization for the year.

Large organization. A large organization is one that has gross receipts exceeding $1 million for the tax year.

Gross receipts. Gross receipts means the gross amount received during the foundation's annual accounting period from all sources without reduction for any costs or expenses.

To figure the foundation's gross receipts, start with Part I, line 12, column (a), then add to it lines 6b and 10b, then subtract line 6a from that amount.

Against the responsible person. The IRS will make written demand that the delinquent return be filed or the information furnished within a reasonable time after the mailing of the notice of the demand. The person failing to comply with the demand on or before the date specified will have to pay $10 for each day the failure continues, unless there is reasonable cause. The maximum penalty imposed on all persons for any one return is $5,000. If more than one person is liable for any failures, all such persons are jointly and severally liable for such failures (see section 6652(c)).

Other penalties. Because this return also satisfies the filing requirements of a tax return under section 6011 for the tax on investment income imposed by section 4940 (or 4948 if an exempt foreign organization), the penalties imposed by section 6651 for not filing a return (without reasonable cause) also apply.

There are also criminal penalties for willful failure to file and for filing fraudulent returns and statements. See sections 7203, 7206, and 7207.

N. Penalties for Not Paying Tax on Time

There is a penalty for not paying tax when due (section 6651). The penalty generally is ½ of 1% of the unpaid tax for each month or part of a month the tax remains unpaid, not to exceed 25% of the unpaid tax. If there was reasonable cause for not paying the tax on time, the penalty can be waived. However, interest is charged on any tax not paid on time, at the rate provided by section 6621.

Estimated tax penalty. The section 6655 penalty for failure to pay estimated tax applies to the tax on net investment income of domestic private foundations and section 4947(a)(1) nonexempt charitable trusts. The penalty also applies to any tax on unrelated business income of a private foundation. Generally, if a private foundation's tax liability is $500 or more and it did not make the required payments on time, then it is subject to the penalty.

For more details, see the discussion of Form 2220 in *General Instruction D.*

O. Figuring and Paying Estimated Tax

A domestic exempt private foundation, a domestic taxable private foundation, or a nonexempt charitable trust treated as a private foundation must make estimated tax payments for the excise tax based on investment income if it can expect its estimated tax (section 4940 tax minus allowable credits) to be $500 or more. The number of installment payments it must make under the depository method is determined at the time during the year that it first meets this requirement. For calendar-year taxpayers, the first deposit of estimated taxes for a year generally should be made by May 15 of the year.

Although Form 990-W is used primarily to compute the installment payments of unrelated business income tax, it is also used to determine the timing and amounts of installment payments of the section 4940 tax based on investment income. Compute separately any required deposits of excise tax based on investment income and unrelated business income tax.

To figure the estimated tax for the excise tax based on investment income, apply the rules of Part VI to your tax year 2006 estimated amounts for that part. Enter the tax you figured on line 10a of Form 990-W.

The Form 990-W line items and instructions for large organizations also apply to private foundations. For purposes of paying the estimated tax on net investment income, a "large organization" is one that had net investment income of $1 million or more for any of the 3 tax years immediately preceding the tax year involved.

Penalty. A foundation that does not pay the proper estimated tax when due may be subject to the estimated tax penalty for the period of the underpayment. (See sections 6655(b) and (d) and the Form 2220 instructions.)

Special Rules

Section 4947(a)(1) nonexempt charitable trusts. Form 1041-ES should be used to pay any estimated tax on income subject to tax under section 1. Form 1041-ES also contains the estimated tax rules for paying the tax on that income.

Taxable private foundations. Form 1120-W should be used to figure any estimated tax on income subject to tax under section 11. Form 1120-W contains the estimated tax rules for paying the tax on that income.

P. Tax Payment Methods for Domestic Private Foundations

Whether the foundation uses the depository method of tax payment or the special option for small foundations, it must pay the tax due (see Part VI) in full by the 15th day of the 5th month after the end of its tax year.

Depository Method of Tax Payment

Some foundations (described below) are required to electronically deposit all depository taxes, including their tax payments for the excise tax based on investment income.

Electronic Deposit Requirement

The foundation must make electronic deposits of all depository taxes (such as employment tax or the excise tax based on investment income) using the Electronic Federal Tax Payment System (EFTPS) in 2006 if:

- The total deposits of such taxes in 2004 were more than $200,000, or
- The foundation was required to use EFTPS in 2005.

If the foundation is required to use EFTPS and fails to do so, it may be subject to a 10% penalty. If the foundation is not required to use EFTPS, it may participate voluntarily. To enroll in or get more information about EFTPS, call 1-800-555-4477. To enroll online, visit *www.irs.gov.*

Depositing on time. For deposits made by EFTPS to be on time, the foundation must initiate the transaction at least 1 business day before the date the deposit is due.

Deposits With Form 8109

If the foundation does not use EFTPS, deposit estimated tax payments and any balance due for the excise tax based on investment income with Form 8109, Federal Tax Deposit Coupon. If you do not have a preprinted Form 8109, use Form 8109-B to make deposits. You can get this form only by calling 1-800-829-4933. Be sure to have your employer identification number (EIN) ready when you call.

Do not send deposits directly to an IRS office; otherwise, the foundation may have to pay a penalty. Mail or deliver the completed Form 8109 with the payment to an authorized depositary, such as, a commercial bank or other financial institution authorized to accept federal tax deposits.

Make checks or money orders payable to the depositary. To help ensure proper crediting, write the foundation's EIN, the tax period to which the deposit applies, and “Form 990-PF” on the check or money order. Be sure to darken the 990-PF box on the coupon. Records of these deposits will be sent to the IRS.

For more information on deposits, see the instructions in the coupon booklet (Form 8109) and Pub. 583, Starting a Business and Keeping Records.

Special Payment Option for Small Foundations

A private foundation may enclose a check or money order, payable to the United States Treasury, with the Form 990-PF or Form 8868, if it meets all of the following requirements:

1. The foundation must not be required to use EFTPS,
2. The tax based on investment income shown on line 5, Part VI of Form 990-PF is less than $500, and
3. If Form 8868 is used, the amount entered on line 3a of Part I or line 8a of Part II of Form 8868 must be less than $500 and it must be the full balance due.

Be sure to write “2005 Form 990-PF” and the foundation's name, address, and EIN on its check or money order.

CAUTION *Foreign organizations should see the instructions for Part VI, line 9.*

Q. Public Inspection Requirements

A private foundation must make its annual returns (including any amended returns) and exemption application available for public inspection.

Definitions

Annual returns. An annual return is an exact copy of the Form 990-PF that was filed with the IRS including all schedules, attachments, and supporting documents. It also includes any amendments to the original return (amended return).

By annual returns, we mean any annual return (defined above) that is not more than 3 years old from the later of:

1. The date the return is required to be filed (including extensions), or
2. The date that the return is actually filed.

Exemption application. An application for tax exemption includes (except as described later):

- Any prescribed application form (such as Form 1023 or Form 1024),
- All documents and statements the IRS requires an applicant to file with the form,
- Any statement or other supporting document submitted in support of the application, and
- Any letter or other document issued by the IRS concerning the application.

An application for tax exemption does not include:

- Any application for tax exemption filed before July 15, 1987, unless the private foundation filing the application had a copy of the application on July 15, 1987, or
- Any material that is not available for public inspection under section 6104.

Who Must Make the Annual Returns and Exemption Application Available for Public Inspection?

The foundation's annual returns and exemption application must be made available to the public by the private foundation itself and by the IRS.

How Does a Private Foundation Make Its Annual Returns and Exemption Application Available for Public Inspection?

A private foundation must make its annual returns and exemption application available in 2 ways:

- By office visitation, and
- By providing copies or making them widely available.

Public Inspection by Office Visitation

A private foundation must make its annual returns and exemption application available for public inspection without charge at its principal, regional, and district offices during regular business hours.

Conditions that may be set for public inspection at the office. A private foundation:

- May have an employee present,
- Must allow the individual conducting the inspection to take notes freely during the inspection, and
- Must allow an individual to make photo copies of documents at no charge but only if the individual brings photocopying equipment to the place of inspection.

Determining if a site is a regional or district office. A regional or district office is any office of a private foundation, other than its principal office, that has paid employees whose total number of paid hours a week are normally 120 hours or more. Include the hours worked by part-time (as well as full-time) employees in making that determination.

What sites are not considered a regional or district office. A site is not considered a regional or district office if:

1. The only services provided at the site further the foundations exempt purposes (e.g., day care, health care, or scientific or medical research), and
2. The site does not serve as an office for management staff, other than managers who are involved only in managing the exempt function activities at the site.

What if the private foundation does not maintain a permanent office? If the private foundation does not maintain a permanent office, it will comply with the public inspection by office visitation requirement by making the annual returns and exemption application available at a reasonable location of its choice. It must permit public inspection:

- Within a reasonable amount of time after receiving a request for inspection (normally, not more than 2 weeks), and
- At a reasonable time of day.

Optional method of complying. If a private foundation that does not have a permanent office wishes not to allow an inspection by office visitation, it may mail a copy of the requested documents instead of allowing an inspection. However, it must mail the documents within 2 weeks of receiving the request and may charge for copying and postage only if the requester consents to the charge.

Private foundations with a permanent office but limited or no hours. Even if a private foundation has a permanent office but no office hours or very limited hours during certain times of the year, it must still meet the office visitation requirement. To meet this requirement during those periods when office hours are limited or not available, follow the rules above under, *What if the private foundation does not maintain a permanent office?*

Public Inspection—Providing Copies

A private foundation must provide copies of its annual returns or exemption application to any individual who makes a request for a copy in person or in writing unless it makes these documents widely available.

In-person requests for document copies. A private foundation must provide copies to any individual who makes a request in person at the private foundation's principal, regional, or district offices during regular business hours on the same day that the individual makes the request.

Accepted delay in fulfilling an in-person request. If unusual circumstances exist and fulfilling a request on the same day places an unreasonable burden on the private foundation, it must provide copies by the earlier of:

- The next business day following the day that the unusual circumstances end, or
- The fifth business day after the date of the request.

Examples of unusual circumstances include:

- Receipt of a volume of requests (for document copies) that exceeds the private foundations daily capacity to make copies,
- Requests received shortly before the end of regular business hours that require an extensive amount of copying, or
- Requests received on a day when the organization's managerial staff capable of fulfilling the request is conducting official duties (e.g., student registration or attending an off-site meeting or convention) instead of its regular administrative duties.

Use of local agents for providing copies. A private foundation may use a local agent to handle in-person requests for document copies. If a private foundation uses a local agent, it must immediately provide the local agent's name, address, and telephone number to the requester.

The local agent must:

- Be located within reasonable proximity to the principal, regional, or district office where the individual makes the request, and
- Provide document copies within the same time frames as the private foundation.

Written requests for document copies. If a private foundation receives a written request for a copy of its annual returns or exemption application (or parts of these documents), it must give a copy to the requester. However, this rule only applies if the request:

- Is addressed to a private foundation's principal, regional, or district office,
- Is delivered to that address by mail, electronic mail (email), facsimile (fax), or a private delivery service approved by the IRS (see *Private Delivery Services* on page 5 for a list), and
- Gives the address to which the document copies should be sent.

How and when a written request is fulfilled.

- Requested document copies must be mailed within 30 days from the date the private foundation receives the request.
- Unless other evidence exists, a request or payment that is mailed is considered to be received by the private foundation 7 days after the postmark date.
- If an advance payment is required, copies must be provided within 30 days from the date payment is received.
- If the private foundation requires payment in advance and it receives a request without payment or with insufficient payment, it must notify the requester of the prepayment policy and the amount due within 7 days from the date it receives the request.
- A request that is transmitted to the private foundation by email or fax is considered received the day the request is transmitted successfully.
- Requested documents can be emailed instead of the traditional method of mailing if the requester consents to this method.

A document copy is considered as provided on the:

- Postmark date,
- Private delivery date,
- Registration date for certified or registered mail,
- Postmark date on the sender's receipt for certified or registered mail, or
- Day the email is successfully transmitted (if the requester agreed to this method).

Requests for parts of a document copy. A person can request all or any specific part or schedule of the annual returns or exemption application and the private foundation must fulfill their request for a copy.

Can an agent be used to provide copies? A private foundation can use an agent to provide document copies for the written requests it receives. However, the agent must provide the document copies under the same conditions that are imposed on the private foundation itself. Also, if an agent fails to provide the documents as required, the private foundation will continue to be subject to penalties.

Example. The ABC Foundation retained an agent to provide copies for all written requests for documents. However, ABC Foundation received a request for document copies before the agent did.

The deadline for providing a response is referenced by the date that the ABC Foundation received the request and not when the agent received it. If the agent received the request first, then a response would be referenced to the date that the agent received it.

Can a fee be charged for providing copies? A private foundation may charge a reasonable fee for providing copies. Also, it can require the fee to be paid before providing a copy of the requested document.

What is a reasonable fee? A fee is reasonable only if it is no more than the per-page copying fee charged by the IRS for providing copies, plus no more than the actual postage costs incurred to provide the copies.

What forms of payment must the private foundation accept? The form of payment depends on whether the request for copies is made in person or in writing.

Cash and money order must be accepted for in-person requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

Certified check, money order, and either personal check or credit card must be accepted for written requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

Other fee information. If a private foundation provides a requester with notice of a fee and the requester does not pay the fee within 30 days, it may ignore the request.

If a requester's check does not clear on deposit, it may ignore the request.

If a private foundation does not require prepayment and the requester does not prepay, the private foundation must receive consent from the requester if the copying and postage charge exceeds $20.

Private foundations subject to a harassment campaign. If the IRS determines that a private foundation is being harassed, it is not required to comply with any request for copies that it reasonably believes is part of the harassment campaign.

A group of requests for a private foundation's annual returns or exemption application is indicative of a harassment campaign if the requests are part of a single coordinated effort to disrupt the operations of the private foundation rather than to collect information about it.

See Regulations section 301.6104(d)-3 for more information.

Requests that may be disregarded without IRS approval. A private foundation may disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address.

Making the Annual Returns and Exemption Application Widely Available

A private foundation does not have to provide copies of its annual returns and/or its exemption application if it makes these documents widely available. However, it must still allow public inspection by office visitation.

How does a private foundation make its annual returns and exemption application widely available? A private foundation's annual returns and/or exemption application is widely available if it meets all four of the following requirements:

1. The internet posting requirement—This is met if:
   - The document is posted on a World Wide Web page that the private foundation establishes and maintains, or
   - The document is posted as part of a database of like documents of other tax-exempt organizations on a World Wide Web page established and maintained by another entity.
2. Additional posting information requirement—This is met if:
   - The World Wide Web page through which the document is available clearly informs readers that the document is available and provides instructions for downloading the document;

• After it is downloaded and viewed, the web document exactly reproduces the image of the annual returns or exemption application as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and

• Any individual with access to the Internet can access, download, view, and print the document without special computer hardware or software required for that format (except software that is readily available to members of the public without payment of any fee) and without payment of a fee to the private foundation or to another entity maintaining the web page.

3. Reliability and accuracy requirements—To meet this, the entity maintaining the World Wide Web page must:

• Have procedures for ensuring the reliability and accuracy of the document that it posts on the page;

• Take reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page; and

• Correct or replace the document if a posted document is altered, destroyed, or lost.

4. Notice requirement—To meet this, a private foundation must notify any individual requesting a copy of its annual returns and/or exemption application where the documents are available (including the Internet address). If the request is made in person, the private foundation must notify the individual immediately. If the request is in writing, it must notify the individual within 7 days of receiving the request.

Penalties

A penalty may be imposed on any person who does not make the annual returns (including all required attachments to each return) or the exemption application available for public inspection according to the section 6104(d) rules discussed above. If more than one person fails to comply, each person is jointly and severally liable for the full amount of the penalty. The penalty amount is $20 for each day during which a failure occurs. The maximum penalty that may be imposed on all persons for any 1 annual return is $10,000. There is no maximum penalty amount for failure to make the exemption application available for public inspection.

Any person who willfully fails to comply with the section 6104(d) public inspection requirements is subject to an additional penalty of $5,000 (section 6685).

Requirements Placed on the IRS

A private foundation's annual returns and approved exemption application may be inspected by the public at an IRS office for your area or at the IRS National Office in Washington, DC.

To request a copy or to inspect an annual return or an approved exemption application, complete Form 4506-A. Generally, there is a charge for photocopying.

Also, the IRS can provide a complete set of Form 990-PF returns filed for a year on CD-ROM. A partial set of Form 990-PF returns filed by state or by month is also available. Call 1-877-829-5500 or write to the address below for details.

Internal Revenue Service
TE/GE Customer Account Services
P.O. Box 2508
Cincinnati, OH 45201

R. Disclosures Regarding Certain Information and Services Furnished

A section 501(c) organization that offers to sell or solicits money for specific information or a routine service to any individual that could be obtained by the individual from a Federal Government agency free or for a nominal charge must disclose that fact conspicuously when making such offer or solicitation.

Any organization that intentionally disregards this requirement will be subject to a penalty for each day the offers or solicitations are made. The penalty is the greater of $1,000 or 50% of the total cost of the offers and solicitations made on that day.

S. Organizations Organized or Created in a Foreign Country or U.S. Possession

If you apply any provision of any U.S. tax treaty to compute the foundation's taxable income, tax liability, or tax credits in a manner different from the 990-PF instructions, attach an explanation.

Regulations section 53.4948-1(b) states that sections 507, 508, and Chapter 42 (other than section 4948) do not apply to a foreign private foundation that from the date of its creation has received at least 85% of its support (as defined in section 509(d), other than section 509(d)(4)) from sources outside the United States.

Section 4948(a) imposes a 4% tax on the gross investment income from U.S. sources (such as, income from dividends, interest, rents, payments received on securities loans (as defined in section 512(a)(5)), and royalties not reported on Form 990-T) of an exempt foreign private foundation. This tax replaces the section 4940 tax on the net investment income of a domestic private foundation. To pay any tax due, see the instructions for Part VI, line 9.

Taxable foreign private foundations and foreign section 4947(a)(1) nonexempt charitable trusts are not subject to the excise taxes under sections 4948(a) and 4940, but are subject to income tax under subtitle A of the Code.

Certain foreign foundations are not required to send copies of annual returns to state officials, or comply with the public inspection and notice requirements of annual returns. (See *General Instructions G* and *Q*.)

T. Liquidation, Dissolution, Termination, or Substantial Contraction

If there is a liquidation, dissolution, termination, or substantial contraction (defined below) of the organization, attach:

• A statement to the return explaining it,
• A certified copy of the liquidation plan, resolution, etc. (if any) and all amendments or supplements that were not previously filed,
• A schedule that lists the names and addresses of all recipients of assets, and
• An explanation of the nature and fair market value of the assets distributed to each recipient.

Additional requirements. For a complete corporate liquidation or trust termination, attach a statement as to whether a final distribution of assets was made and the date it was made (if applicable).

Also, an organization must indicate:
• That it has ceased to exist, check the "Final Return" box in G at the top of page 1 of the return, or
• Is terminating its private foundation status under section 507(b)(1)(B), see *General Instructions U* and *V,* or
• Is voluntarily terminating its private foundation status under section 507(a)(1) and owes a termination tax, send the notice (and tax payment, if applicable) required by Rev. Rul. 2003-13, 2003-4 I.R.B. 305, and Rev. Rul. 2002-28, 2002–20, I.R.B. 941 (2002-1 C.B., 941) to the Manager, Exempt Organizations Determinations, at the address given in *General Instruction U*.

Relief from public inspection requirements. If the organization has terminated its private foundation status under section 507(b)(1)(A), it does not have to comply with the notice and public inspection requirements of their return for the termination year.

Filing date. See *General Instruction J* for the filing date.

Definitions. The term substantial contraction includes any partial liquidation or any other significant disposition of assets. However, this does not include transfers for full and adequate consideration or distributions of current income.

A significant disposition of assets does not include any disposition for a tax year if:

1. The total of the dispositions for the tax year is less than 25% of the fair market value of the net assets of the organization at the beginning of the tax year, and

2. The total of the related dispositions made during prior tax years (if a disposition is part of a series of related dispositions made during these prior tax years) is less than 25% of the fair market value of the net assets of the organization at the beginning of the tax year in which any of the series of related dispositions was made.

The facts and circumstances of the particular case will determine whether a significant disposition has occurred through a series of related dispositions. Ordinarily, a distribution described in section 170(b)(1)(E)(ii) (relating to private foundations making qualifying distributions out of corpus equal to 100% of contributions received during the foundation's tax year) will not be taken into account as a significant disposition of assets. See Regulations section 1.170A-9(g)(2).

U. Filing Requirements During Section 507(b)(1)(B) Termination

Although an organization terminating its private foundation status under section 507(b)(1)(B) may be regarded as a public charity for certain purposes, it is considered a private foundation for filing requirement purposes and it must file an annual return on Form 990-PF. The return must be filed for each year in the 60-month termination period, if that period has not expired before the due date of the return.

Regulations under section 507(b)(1)(B)(iii) specify that within 90 days after the end of the termination period the organization must supply information to the IRS establishing that it has terminated its private foundation status and, therefore, qualifies as a public charity. Send the information to:

Internal Revenue Service
TE/GE Customer Account Services
P.O. Box 2508
Cincinnati, OH 45201

If information is furnished establishing a successful termination, then, for the final year of the termination period, the organization should comply with the filing requirements for the type of public charity it has become. See the Instructions for Form 990 and Schedule A (Form 990 or 990-EZ) for details on filing requirements. This applies even if the IRS has not confirmed that the organization has terminated its private foundation status by the time the return for the final year of the termination is due (or would be due if a return were required).

The organization will be allowed a reasonable period of time to file any private foundation returns required (for the last year of the termination period) but not previously filed if it is later determined that the organization did not terminate its private foundation status. Interest on any tax due will be charged from the original due date of the Form 990-PF, but penalties under sections 6651 and 6652 will not be assessed if the Form 990-PF is filed within the period allowed by the IRS.

V. Special Rules for Section 507(b)(1)(B) Terminations

If the organization is terminating its private foundation status under the 60-month provisions of section 507(b)(1)(B), special rules apply. (See *General Instructions T* and *U*.) Under these rules, the organization may file Form 990-PF without paying the tax based on investment income if it filed a consent under section 6501(c)(4) with its notification to the TE/GE Customer Account Services at the Cincinnati address given in *General Instruction U* of its intention to begin a section 507(b)(1)(B) termination. The consent provides that the period of limitation on the assessment of tax under Chapter 42, based on investment income for any tax year in the 60-month period will not expire until at least 1 year after the period for assessing a deficiency for the last tax year in which the 60-month period would normally expire. Any foundation not paying the tax when it files Form 990-PF must attach a copy of the signed consent.

If the foundation did not file the consent, the tax must be paid in the normal manner as explained in *General Instructions O* and *P*. The organization may file a claim for refund after completing termination or during the termination period. The claim for refund must be filed on time and the organization must supply information establishing that it qualified as a public charity for the period for which it paid the tax.

W. Rounding, Currency, and Attachments

Rounding off to whole-dollars. You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Currency and language requirements. Report all amounts in U.S. dollars (state conversion rate used). Report all items in total, including amounts from both U.S. and non-U.S. sources. All information must be in English.

Attachments. Use the schedules on Form 990-PF. If you need more space use attachments that are the same size as the printed forms.

On each attachment, write:

- "Form 990-PF,"
- The tax year,
- The corresponding schedule number or letter,
- The organization's name and EIN, and
- The information requested using the format and line sequence of the printed form.

Also, show totals on the printed forms.

Specific Instructions

Completing the Heading

The following instructions are keyed to items in the Form 990-PF heading.

Name and Address

If the organization received a Form 990-PF package from the IRS with a peel-off label, please use it. If the name or address on the label is wrong, make corrections on the label. The address used must be that of the principal office of the foundation.

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

A—Employer Identification Number

The organization should have only one employer identification number. If it has more than one number, notify the Internal Revenue Service Center at the address shown under *General Instruction J*. Explain what numbers the organization has, the name and address to which each number was assigned, and the address of the organization's principal office. The IRS will then advise which number to use.

B—Telephone Number

Enter a foundation telephone number (including the area code) that the public and government regulators may use to obtain information about the foundation's finances and activities. This information should be available at this telephone number during normal business hours. If the foundation does not have a telephone, enter a telephone number of a foundation official who can provide this information during normal business hours.

D2—Foreign Organizations

If the foreign organization meets the 85% test of Regulations section 53.4948-1(b), then:

- Check the box in D2 on page 1 of Form 990-PF,
- Check the box at the top of Part XI,
- Do not fill in Parts XI and XIII,
- Do not fill in Part X unless it is claiming status as a private operating foundation, and
- Attach the computation of the 85% test to Form 990-PF.

E—Section 507(b)(1)(A) Terminations

A private foundation that has terminated its status as such under section 507(b)(1)(A), by distributing all its net assets to one or more public charities without keeping any right, title, or interest in those assets, should check the box in E on page 1 of Form 990-PF. See *General Instructions Q* and *T.*

F—60-Month Termination Under Section 507(b)(1)(B)

Check the box in F on page 1 of Form 990-PF if the organization is terminating its private foundation status under the 60-month provisions of section 507(b)(1)(B) during the period covered by this return. To begin such a termination, a private foundation must have given advance notice to TE/GE at the Cincinnati address given on page 10 and provided the information outlined in Regulations section 1.507-2(b)(3). See *General Instruction U* for information regarding filing requirements during a section 507(b)(1)(B) termination.

See *General Instruction V* for information regarding payment of the tax based on investment income (computed in Part VI) during a section 507(b)(1)(B) termination.

H—Type of Organization

Check the box for "Section 501(c)(3) exempt private foundation" if the foundation has a ruling or determination letter from the IRS in effect that recognizes its exemption from federal income tax as an organization described in section 501(c)(3) or if the organization's exemption application is pending with the IRS.

Check the "Section 4947(a)(1) nonexempt charitable trust" box if the trust is a nonexempt charitable trust treated as a private foundation. All others, check the "Other taxable private foundation" box.

I—Fair Market Value of All Assets

In block I on page 1 of Form 990-PF, enter the fair market value of all assets the foundation held at the end of the tax year.

TIP *This amount should be the same as the figure reported in Part II, column (c), line 16.*

Part I—Analysis of Revenue and Expenses

Column Instructions

The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).

The amounts entered in column (a) and on line 5b must be analyzed in Part XVI-A.

Column (a)—Revenue and Expenses per Books

Enter in column (a) all items of revenue and expense shown in the books and records that increased or decreased the net assets of the organization. However, do not include the value of services donated to the foundation, or items such as the free use of equipment or facilities, in contributions received. Also, do not include any expenses used to compute capital gains and losses on lines 6, 7, and 8 or expenses included in cost of goods sold on line 10b.

Column (b)— Net Investment Income

All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts) are required to pay an excise tax each tax year on net investment income.

Exempt foreign foundations are subject to an excise tax on gross investment income from U.S. sources. These foreign organizations should complete lines 3, 4, 5, 11, 12, and 27b of column (b) and report only income derived from U.S. sources. No other income should be included. No expenses are allowed as deductions.

Definitions

Gross investment income. Gross investment income is the total amount of investment income that was received by a private foundation from all sources. However, it does not include any income subject to the unrelated business income tax. It includes interest, dividends, rents, payments with respect to securities loans (as defined in section 512(a)(5)), royalties received from assets devoted to charitable activities, income from notional principal contracts (as defined in Regulations section 1.863-7), and other substantially similar income from ordinary and routine investments excluded by section 512(b)(1). Therefore, interest received on a student loan is includible in the gross investment income of a private foundation making the loan.

Net investment income. Net investment income is the amount by which the sum of gross investment income and the capital gain net income exceeds the allowable deductions discussed later. Tax-exempt interest on governmental obligations and related expenses are excluded.

Investment income. Include in column (b) all or part of any amount from column (a) that applies to investment income. However, do not include in column (b) any interest, dividends, rents or royalties (and related expenses) that were reported on Form 990-T.

For example, investment income from debt-financed property unrelated to the organization's charitable purpose and certain rents (and related expenses) treated as unrelated trade or business income should be reported on Form 990-T. Income from debt-financed property that is not taxed under section 511 is taxed under section 4940. Thus, if the debt/basis percentage of a debt-financed property is 80%, only 80% of the gross income (and expenses) for that property is used to figure the section 511 tax on Form 990-T. The remaining 20% of the gross income (and expenses) of that property is used to figure the section 4940 tax on net investment income on Form 990-PF. (See Form 990-T and its instructions for more information.)

Investment expenses. Include in column (b) all ordinary and necessary expenses paid or incurred to produce or collect investment income from: interest, dividends, rents, amounts received from payments on securities loans (as defined in section 512(a)(5)), royalties, income from notional principal contracts, and other substantially similar income from ordinary and routine investments excluded by section 512(b)(1); or for the management, conservation, or maintenance of property held for the production of income that is taxable under section 4940.

If any of the expenses listed in column (a) are paid or incurred for both investment and charitable purposes, they must be allocated on a reasonable basis between the investment activities and the charitable activities so that only expenses from investment activities appear in column (b). Examples of allocation methods are given in the instructions for Part IX-A.

Limitation. The deduction for expenses paid or incurred in any tax year for producing gross investment income earned incident to a charitable function cannot be more than the amount of income earned from the function that is includible as gross investment income for the year.

For example, if rental income is incidentally realized in 2005 from historic buildings held open to the public, deductions for amounts paid or incurred in 2005 for the production of this income may not be more than the amount of rental income includible as gross investment income in column (b) for 2005.

Expenses related to tax-exempt interest. Do not include on lines 13–23 of column (b) any expenses paid or incurred that are allocable to tax-exempt interest that is excluded from lines 3 and 4.

Column (c)—Adjusted Net Income

TIP *Nonoperating private foundations should see item 1 under Nonoperating private foundations on this page to find out if they need to complete column (c).*

Private operating foundations. All organizations that claim status as private operating foundations under section 4942(j)(3) or (5) must complete all lines of column (c) that apply, according to the general rules for income and expenses that apply to this column, the specific line instructions for lines 3–27c, the Special rule, and Examples 1 and 2 below.

General rules. In general, adjusted net income is the amount of a private foundation's gross income that is more than the expenses of earning the income. The modifications and exclusions explained below are applied to gross income and expenses in figuring adjusted net income.

For income and expenses, include on each line of column (c) only that portion of the amount from column (a) that is applicable to the adjusted net income computation.

Income. For column (c), include income from charitable functions, investment activities, short-term capital gains from investments, amounts set aside, and unrelated trade or business activities. Do not include gifts, grants, or contributions, or long-term capital gains or losses.

Expenses. Deductible expenses include the part of a private foundation's operating expenses that is paid or incurred to produce or collect gross income reported on lines 3–11 of column (c). If only part of the property produces income includible in column (c), deductions such as interest, taxes, and rent must be divided between the charitable and noncharitable uses of the property. If the deductions for property used for a charitable, educational, or other similar purpose are more than the income from the property, the excess will not be allowed as a deduction but may be treated as a qualifying distribution in Part I, column (d). See Examples 1 and 2 below.

Special rule. The expenses attributable to each specific charitable activity, limited by the amount of income from the activity, must be reported in column (c) on lines 13–26. If the expenses of any charitable activity exceed the income generated by that activity, only the excess of these expenses over the income should be reported in column (d).

Examples.

1. A charitable activity generated $5,000 of income and $4,000 of expenses. Report all of the income and expenses in column (c) and none in column (d).
2. A charitable activity generated $5,000 of income and $6,000 of expenses. Report $5,000 of income and $5,000 of expenses in column (c) and the excess expenses of $1,000 in column (d).

Nonoperating private foundations. The following rules apply to nonoperating private foundations.

- If a nonoperating private foundation has no income from charitable activities that would be reportable on line 10 or line 11 of Part I, it does not have to make any entries in column (c).
- If a nonoperating private foundation has income from charitable activities, it must report that income only on lines 10 and/or 11 in column (c). These foundations do not need to report other kinds of income and expenses (such as investment income and expenses) in column (c).
- If a nonoperating private foundation has income that it reports on lines 10 and/or 11, report any expenses relating to this income following the general rules and the special rule. See Examples 1 and 2 above.

Column (d)—Disbursements for Charitable Purposes

Expenses entered in column (d) relate to activities that constitute the charitable purpose of the foundation.

For amounts entered in column (d):

- Use the cash receipts and disbursements method of accounting no matter what accounting method is used in keeping the books of the foundation;
- Do not include any amount or part of an amount that is included in column (b) or (c);
- Include on lines 13–25 all expenses, including necessary and reasonable administrative expenses, paid by the foundation for religious, charitable, scientific, literary, educational, or other public purposes, or for the prevention of cruelty to children or animals;
- Include a distribution of property at the fair market value on the date the distribution was made; and
- Include only the part entered in column (a) that is allocable to the charitable purposes of the foundation.

Example. An educational seminar produced $1,000 in income that was reportable in columns (a) and (c). Expenses attributable to this charitable activity were $1,900. Only $1,000 of expense should be reported in column (c) and the remaining $900 in expense should be reported in column (d).

Qualifying distributions. Generally, gifts and grants to organizations described in section 501(c)(3), that have been determined to be publicly supported charities (for example, organizations that are not private foundations as defined in section 509(a)), are qualifying distributions only if the granting foundation does not control the public charity.

TIP *The total of the expenses and disbursements on line 26 is also entered on line 1a in Part XII to figure qualifying distributions.*

Alternative to completing lines 13–25. If you want to provide an analysis of disbursements that is more detailed than column (d), you may attach a schedule instead of completing lines 13–25. The schedule must include all the specific items of lines 13–25, and the total from the schedule must be entered in column (d), line 26.

Line Instructions

Line 1—Contributions, gifts, grants, etc., received. Enter the total of gross contributions, gifts, grants, and similar amounts received.

Schedule B (Form 990, 990-EZ, or 990-PF). If money, securities, or other property valued at $5,000 or more was received directly or indirectly from any one person during the year, complete Schedule B and attach it to the return. If the foundation is not required to complete Schedule B (no person contributed $5,000 or more), be sure to check the box on line 2.

To determine whether a person has contributed $5,000 or more, total only gifts of $1,000 or more from each person. Separate and independent gifts need not be totaled if less than $1,000. If a contribution is in the form of property, describe the property and include its fair market value.

The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

Split-interest trusts. Distributions from split-interest trusts should be entered on line 1 of column (a). They are a part of the amount on line 1.

Substantiation requirements. An organization must keep records, required by the regulations under section 170, for all its charitable contributions.

Generally, a donor making a charitable contribution of $250 or more will not be allowed a federal income tax deduction unless the donor obtains a written acknowledgment from the donee organization by the earlier of the date on which the donor files a tax return for the tax year in which the contribution was made or the due date, including extensions, for filing that return. However, see section 170(f)(8) and Regulations section 1.170A-13 for exceptions to this rule.

The written acknowledgment the foundation provides to the donor must show:

1. The amount of cash contributed,
2. A description of any property contributed,
3. Whether the foundation provided any goods or services to the donor, and
4. A description and a good-faith estimate of the value of any goods or services the foundation gave in return for the contribution, unless:

a. The goods and services have insubstantial value, or
b. A statement is included that these goods and services consist solely of intangible religious benefits.

Generally, if a charitable organization solicits or receives a contribution of more than $75 for which it gives the donor something in return (a quid pro quo contribution), the organization must inform the donor, by written statement, that the amount of the contribution deductible for federal income tax purposes is limited to the amount by which the contribution exceeds the value of the goods or services received by the donor. The written statement must also provide the donor with a good-faith estimate of the value of goods or services given in return for the contribution.

Penalties. An organization that does not make the required disclosure for each quid pro quo contribution will incur a penalty of $10 for each failure, not to exceed $5,000 for a particular fundraising event or mailing, unless it can show reasonable cause for not providing the disclosure.

For more information. See Regulations section 1.170A-13 for more information on charitable recordkeeping and substantiation requirements.

Line 2. Check this box if the foundation is not required to attach Sch. B.

Line 3—Interest on savings and temporary cash investments.

In column (a). Enter the total amount of interest income from investments of the type reportable in Balance Sheets, Part II, line 2. These include savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other government obligations that mature in less than 1 year.

In column (b). Enter the amount of interest income shown in column (a). Do not include interest on tax-exempt government obligations.

In column (c). Enter the amount of interest income shown in column (a). Include interest on tax-exempt government obligations.

Line 4—Dividends and interest from securities.

In column (a). Enter the amount of dividend and interest income from securities (stocks and bonds) of the type reportable in Balance Sheets, Part II, line 10. Include amounts received from payments on securities loans, as defined in section 512(a)(5). Do not include any capital gain dividends reportable on line 6. Report income from program-related investments on line 11. For debt instruments with an original issue discount, report the original issue discount ratably over the life of the bond on line 4. See section 1272 for more information.

In column (b). Enter the amount of dividend and interest income, and payments on securities loans from column (a). Do not include interest on tax-exempt government obligations.

In column (c). Enter the amount of dividends and interest income, and payments on securities loans from column (a). Include interest on tax-exempt government obligations.

Line 5a—Gross rents.

In column (a). Enter the gross rental income for the year from investment property reportable on line 11 of Part II.

In columns (b) and (c). Enter the gross rental income from column (a).

Line 5b—Net rental income or (loss). Figure the net rental income or (loss) for the year and enter that amount on the entry line to the left of column (a).

Report rents from other sources on line 11, Other income. Enter any expenses attributable to the rental income reported on line 5, such as interest and depreciation, on lines 13–23.

Line 6a—Net gain or (loss) from sale of assets. Enter the net gain or (loss) per books from all asset sales not included on line 10.

For assets sold and not included in Part IV, attach a schedule showing:
- Date acquired,
- Manner of acquisition,
- Gross sales price,
- Cost, other basis, or value at time of acquisition (if donated) and which of these methods was used,
- Date sold,
- To whom sold,
- Expense of sale and cost of improvements made subsequent to acquisition, and
- Depreciation since acquisition (if depreciable property).

Line 6b—Gross sales price for all assets on line 6a. Enter the gross sales price from all asset sales whose net gain or loss was reported on line 6a.

Line 7—Capital gain net income. Enter the capital gain net income from Part IV, line 2. See Part IV instructions.

Line 8—Net short-term capital gain.

TIP *Only private operating foundations report their short-term capital gains on line 8.*

Include only net short-term capital gain for the year (assets sold or exchanged that were held not more than 1 year). Do not include a net long-term capital gain or a net loss in column (c).

Do not include on line 8 a net gain from the sale or exchange of depreciable property, or land used in a trade or business (section 1231) and held for more than 1 year. However, include a net loss from such property on line 23 as an Other expense.

In general, organizations may carry to line 8 the net short-term capital gain reported on Part IV, line 3. However, if the foundation had any short-term capital gain from sales of debt-financed property, add it to the amount reported on Part IV, line 3, to figure the amount to include on line 8. For the definition of “debt-financed property,” see the Instructions for Form 990-T.

Line 9—Income modifications. Include on this line:

1. Amounts received or accrued as repayments of amounts taken into account as qualifying distributions;
2. Amounts received or accrued from the sale or other disposition of property to the extent that the acquisition of the property was considered a qualifying distribution for any tax year;
3. Any amount set aside for a specific project (see explanation in the instructions for Part XII) that was not necessary for the purposes for which it was set aside;
4. Income received from an estate, but only if the estate was considered terminated for income tax purposes due to a prolonged administration period; and
5. Amounts treated in an earlier tax year as qualifying distributions to:

- A nonoperating private foundation, if the amounts were not redistributed by the grantee organization by the close of its tax year following the year in which it received the funds, or
- An organization controlled by the distributing foundation or a disqualified person if the amounts were not redistributed by the grantee organization by the close of its tax year following the year in which it received the funds.

Lines 10a, b, c— Gross profit from sales of inventory. Enter the gross sales (less returns and allowances), cost of goods sold, and gross profit or (loss) from the sale of all inventory items, including those sold in the course of special events and activities. These inventory items are the ones the organization either makes to sell to others or buys for resale.

Do not report any sales or exchanges of investments on line 10.

Do not include any profit or (loss) from the sale of capital items such as securities, land, buildings, or equipment on line 10. Enter these amounts on line 6a.

Do not include any business expenses such as salaries, taxes, rent, etc., on line 10. Include them on lines 13–23.

Attach a schedule showing the following items: Gross sales, Cost of goods sold, Gross profit or (loss). These items should be classified according to type of inventory sold (such as books, tapes, other educational or religious material, etc.). The totals from the schedule should agree with the entries on lines 10a–10c.

In column (c), enter the gross profit or (loss) from sales of inventory shown in column (a), line 10c.

Line 11—Other income. Enter the total of all the foundation's other income for the year. Attach a schedule that gives a description and the amount of the income. Include all income not reported on lines 1 through 10c. Also, see the instructions for Part XVI-A, line 11.

Include imputed interest on certain deferred payments figured under section 483 and any investment income not reportable on lines 3 through 5, including income from program-related investments (defined in the instructions for Part IX-B).

Do not include unrealized gains and losses on investments carried at market value. Report those as fund balance or net asset adjustments in Part III.

In column (b). Enter the amount of investment income included in line 11, column (a). Include dividends, interest, rents, and royalties derived from assets devoted to charitable activities, such as interest on student loans.

In column (c). Include all other items includible in adjusted net income not covered elsewhere in column (c).

Line 12—Total. In column (b). Domestic organizations should enter the total of lines 3–11. Exempt foreign organizations, enter the total of lines 3, 4, 5, and 11 only.

Line 13—Compensation of officers, directors, trustees, etc.

In column (a). Enter the total compensation for the year of all officers, directors, and trustees. If none was paid, enter zero. Complete line 1 of Part VIII to show the compensation of officers, directors, trustees, and foundation managers.

In columns (b), (c), and (d). Enter the portion of the compensation included in column (a) that is applicable to the column. For example, in column (c) enter the portion of the compensation included in column (a) that was paid or incurred to produce or collect income included in column (c).

Line 14—Other employee salaries and wages. Enter the salaries and wages of all employees other than those included on line 13.

Line 15—Contributions to employee pension plans and other benefits. Enter the employer's share of the contributions the organization paid to qualified and nonqualified pension plans and the employer's share of contributions to employee benefit programs (such as insurance, health, and welfare programs) that are not an incidental part of a pension plan. Complete the return/report of the Form 5500 series appropriate for the organization's plan. (See the Instructions for Form 5500 for information about employee welfare benefit plans required to file that form.)

Also include the amount of federal, state, and local payroll taxes for the year, but only those that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, FUTA tax, state unemployment compensation tax, and other state and local payroll taxes. Do not include taxes withheld from employees' salaries and paid over to the various governmental units (such as federal and state income taxes and the employee's share of social security and Medicare taxes).

Lines 16a, b, and c—Legal, accounting, and other professional fees. On the appropriate line(s), enter the amount of legal, accounting, auditing, and other professional fees (such as fees for fundraising or investment services) charged by outside firms and individuals who are not employees of the foundation.

Attach a schedule for lines 16a, b, and c. Show the type of service and amount of expense for each. If the same person provided more than one of these services, include an allocation of those expenses.

Report any fines, penalties, or judgments imposed against the foundation as a result of legal proceedings on line 23, Other expenses.

Line 18—Taxes. Attach a schedule listing the type and amount of each tax reported on line 18. Do not enter any taxes included on line 15.

In column (a). Enter the taxes paid (or accrued) during the year. Include all types of taxes recorded on the books, including real estate tax not reported on line 20; the tax on investment income; and any income tax.

In column (b). Enter only those taxes included in column (a) that are related to investment income taxable under section 4940. Do not include the section 4940 tax paid or incurred on net investment income or the section 511 tax on unrelated business income. Sales taxes may not be deducted separately, but must be treated as a part of the cost of acquired property, or as a reduction of the amount realized on disposition of the property.

In column (c). Enter only those taxes included in column (a) that relate to income included in column (c). Do not include any excise tax paid or incurred on the net investment income (as shown in Part VI), or any tax reported on Form 990-T.

In column (d). Do not include any excise tax paid on investment income (as reported in Part VI of this return or the equivalent part of a return for prior years) unless the organization is claiming status as a private operating foundation and completes Part XIV.

Line 19—Depreciation and depletion.

In column (a). Enter the expense recorded in the books for the year.

For depreciation, attach a schedule showing:

- A description of the property,
- The date acquired,
- The cost or other basis (exclude any land),
- The depreciation allowed or allowable in prior years,
- The method of computation,
- The rate (%) or life (years), and
- The depreciation this year.

On a separate line on the schedule, show the amount of depreciation included in cost of goods sold and not included on line 19.

In columns (b) and (c). A deduction for depreciation is allowed only for property used in the production of income reported in the column, and only using the straight line method of computing depreciation. A deduction for depletion is allowed but must be figured only using the cost depletion method.

The basis used in figuring depreciation and depletion is the basis determined under normal basis rules, without regard to the special rules for using the fair market value on December 31, 1969, that relate only to gain or loss on dispositions for purposes of the tax on net investment income.

Line 20—Occupancy. Enter the amount paid or incurred for the use of office space or other facilities. If the space is rented or leased, enter the amount of rent. If the space is owned, enter the amount of mortgage interest, real estate taxes, and similar expenses, but not depreciation (reportable on line 19). In either case, include the amount for utilities and related expenses (e.g., heat, lights, water, power, telephone, sewer, trash removal, outside janitorial services, and similar services). Do not include any salaries of the organization's own employees that are reportable on line 15.

Line 21—Travel, conferences, and meetings. Enter the expenses for officers, employees, or others during the year for travel, attending conferences, meetings, etc. Include transportation (including fares, mileage allowance, or automobile expenses), meals and lodging, and related costs whether paid on the basis of a per diem allowance or actual expenses incurred. Do not include any compensation paid to those who participate.

In column (b). Only 50% of the expense for business meals, etc., paid or incurred in connection with travel, meetings, etc., relating to the production of investment income, may be deducted in figuring net investment income (section 274(n)).

In column (c). Enter the total amount of expenses paid or incurred by officers, employees, or others for travel, conferences, meetings, etc., related to income included in column (c).

Line 22—Printing and publications. Enter the expenses for printing or publishing and distributing any newsletters, magazines, etc. Also include the cost of subscriptions to, or purchases of, magazines, newspapers, etc.

Line 23—Other expenses. Enter all other expenses for the year. Include all expenses not reported on lines 13–22. Attach a schedule showing the type and amount of each expense.

If a deduction is claimed for amortization, attach a schedule showing:
- Description of the amortized expenses;
- Date acquired, completed, or expended;
- Amount amortized;
- Deduction for prior years;
- Amortization period (number of months);
- Current-year amortization; and
- Total amount of amortization.

In column (c). In addition to the applicable portion of expenses from column (a), include any net loss from the sale or exchange of land or depreciable property that was held for more than 1 year and used in a trade or business.

A deduction for amortization is allowed but only for assets used for the production of income reported in column (c).

Line 25—Contributions, gifts, grants paid.

In column (a). Enter the total of all contributions, gifts, grants, and similar amounts paid (or accrued) for the year. List each contribution, gift, grant, etc., in Part XV, or attach a schedule of the items included on line 25 and list:

1. Each class of activity,
2. A separate total for each activity,
3. Name and address of donee,
4. Relationship of donee if related by:

a. Blood,
b. Marriage,
c. Adoption, or
d. Employment (including children of employees) to any disqualified person (see *General Instruction C* for definitions), and

5. The organizational status of donee (e.g., public charity—an organization described in section 509(a)(1), (2), or (3)).

You do not have to give the name of any indigent person who received one or more gifts or grants from the foundation unless that individual is a disqualified person or one who received a total of more than $1,000 from the foundation during the year.

Activities should be classified according to purpose and in greater detail than merely classifying them as charitable, educational, religious, or scientific activities. For example, use identification such as: payments for nursing service, for fellowships, or for assistance to indigent families.

Foundations may include, as a single entry on the schedule, the total of amounts paid as grants for which the foundation exercised expenditure responsibility. Attach a separate report for each grant.

When the fair market value of the property at the time of disbursement is the measure of a contribution, the schedule must also show:
- A description of the contributed property,
- The book value of the contributed property,
- The method used to determine the book value,
- The method used to determine the fair market value, and
- The date of the gift.

TIP *The difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in* Part III.

In column (d). Enter on line 25 all contributions, gifts, and grants the foundation paid during the year.
- Do not include contributions to organizations controlled by the foundation or by a disqualified person (see *General Instruction C* for definitions). Do not include contributions to nonoperating private foundations unless the donees are exempt from tax under section 501(c)(3), they redistribute the contributions, and they maintain sufficient evidence of redistributions according to the regulations under section 4942(g).
- Do not reduce the amount of grants paid in the current year by the amount of grants paid in a prior year that was returned or recovered in the current year. Report those repayments in column (c), line 9, and in Part XI, line 4a.
- Do not include any payments of set-asides (see *instructions for Part XII, line 3*) taken into account as qualifying distributions in the current year or any prior year. All set-asides are included in qualifying distributions (Part XII, line 3) in the year of the set-aside regardless of when paid.
- Do not include current year's write-offs of prior years' program-related investments. All program-related investments are included in qualifying distributions (Part XII, line 1b) in the year the investment is made.
- Do not include any payments that are not qualifying distributions as defined in section 4942(g)(1).

Net Amounts

Line 27a—Excess of revenue over expenses. Subtract line 26, column (a), from line 12, column (a). Enter the result. Generally, the amount shown in column (a) on this line is also the amount by which net assets (or fund balances) have increased or decreased for the year. See the instructions for *Part III, Analysis of Changes in Net Assets or Fund Balances.*

Line 27b—Net investment income. Domestic organizations, subtract line 26 from line 12. Enter the result. Exempt foreign organizations, enter the amount shown on line 12. However, if the organization is a domestic organization and line 26 is more than line 12 (such as, expenses exceed income), enter zero (not a negative amount).

Line 27c—Adjusted net income. Subtract line 26, column (c) from line 12, column (c) and enter the result.

Part II—Balance Sheets

For column (b), show the book value at the end of the year. For column (c), show the fair market value at the end of the year. Attached schedules must show the end-of-year value for each asset listed in columns (b) and (c).
- Foundations whose books of account included total assets of $5,000 or more at any time during the year must complete all of columns (a), (b), and (c).
- Foundations with less than $5,000 of total assets per books at all times during the year must complete all of columns (a) and (b), and only line 16 of column (c).

Line 1—Cash—Non-interest-bearing. Enter the amount of cash on deposit in checking accounts, deposits in transit, change funds, petty cash funds, or any other non-interest-bearing account. Do not include advances to employees or officers or refundable deposits paid to suppliers or others.

Line 2—Savings and temporary cash investments. Enter the total of cash in savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other governmental obligations that mature in less than 1 year.

Line 3—Accounts receivable. On the dashed lines to the left of column (a), enter the year-end figures for total accounts receivable and allowance for doubtful accounts from the sale of goods and/or the performance of services. In columns (a), (b), and (c), enter net amounts (total accounts receivable reduced by the corresponding allowance for doubtful accounts). Claims against vendors or refundable deposits with suppliers or others may be reported here if not significant in amount. (Otherwise, report them on line 15, Other assets.) Any receivables due from officers, directors, trustees, foundation managers, or other disqualified persons must be reported on line 6. Report receivables (including loans and advances) due from other employees on line 15.

Line 4—Pledges receivable. On the dashed lines to the left of column (a), enter the year-end figures for total pledges receivable and allowance for doubtful accounts (pledges estimated to be uncollectable). In columns (a), (b), and (c), enter net amounts (total pledges receivable reduced by the corresponding allowance for doubtful accounts).

Line 5—Grants receivable. Enter the total grants receivable from governmental agencies, foundations, and other organizations as of the beginning and end of the year.

Line 6—Receivables due from officers, directors, trustees, and other disqualified persons. Enter here (and on an attached schedule described below) all receivables due from officers, directors, trustees, foundation managers, and other disqualified persons and all secured and unsecured loans (including advances) to such persons. Disqualified person is defined in *General Instruction C.*

Attached schedules. (a) On the required schedule, report each loan separately, even if more than one loan was made to the same person, or the same terms apply to all loans made.

Salary advances and other advances for the personal use and benefit of the recipient and receivables subject to special terms or arising from transactions not functionally related to the foundation's charitable purposes must be reported as separate loans for each officer, director, etc.

(b) Receivables that are subject to the same terms and conditions (including credit limits and rate of interest) as receivables due from the general public from an activity functionally related to the foundation's charitable purposes may be reported as a single total for all the officers, directors, etc. Travel advances made for official business of the organization may also be reported as a single total.

For each outstanding loan or other receivable that must be reported separately, the attached schedule should show the following information (preferably in columnar form):

1. Borrower's name and title,
2. Original amount,
3. Balance due,
4. Date of note,
5. Maturity date,
6. Repayment terms,
7. Interest rate,
8. Security provided by the borrower,
9. Purpose of the loan, and
10. Description and fair market value of the consideration furnished by the lender (e.g., cash—$1,000; or 100 shares of XYZ, Inc., common stock— $9,000).

The above detail is not required for receivables or travel advances that may be reported as a single total (see *(b)* above); however, report and identify those totals separately on the attachment.

Line 7—Other notes and loans receivable. On the dashed lines to the left of column (a), enter the combined total year-end figures for notes receivable and loans receivable and the allowance for doubtful accounts.

Notes receivable. In columns (a), (b), and (c), enter the amount of all notes receivable not listed on line 6 and not acquired as investments. Attach a schedule similar to the one for line 6. The schedule should also identify the relationship of the borrower to any officer, director, trustee, foundation manager, or other disqualified person.

For a note receivable from any section 501(c)(3) organization, list only the name of the borrower and the balance due on the required schedule.

Loans receivable. In columns (a), (b), and (c), enter the gross amount of loans receivable, minus the allowance for doubtful accounts, from the normal activities of the filing organization (such as scholarship loans). An itemized list of these loans is not required but attach a schedule showing the total amount of each type of outstanding loan. Report loans to officers, directors, trustees, foundation managers, or other disqualified persons on line 6 and loans to other employees on line 15.

Line 8—Inventories for sale or use. Enter the amount of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period.

Line 9—Prepaid expenses and deferred charges. Enter the amount of short-term and long-term prepayments of expenses attributable to one or more future accounting periods. Examples include prepayments of rent, insurance, and pension costs, and expenses incurred in connection with a solicitation campaign to be conducted in a future accounting period.

Lines 10a, b, and c—Investments—government obligations, corporate stocks and bonds. Enter the book value (which may be market value) of these investments.

Attach a schedule that lists each security held at the end of the year and shows whether the security is listed at cost (including the value recorded at the time of receipt in the case of donated securities) or end-of-year market value. Do not include amounts shown on line 2. Governmental obligations reported on line 10a are those that mature in 1 year or more. Debt securities of the U.S. Government may be reported as a single total rather than itemized. Obligations of state and municipal governments may also be reported as a lump-sum total. Do not combine U.S. Government obligations with state and municipal obligations on this schedule.

Line 11—Investments—land, buildings, and equipment. On the dashed lines to the left of column (a), enter the year-end book value (cost or other basis) and accumulated depreciation of all land, buildings, and equipment held for investment purposes, such as rental properties. In columns (a) and (b), enter the book value of all land, buildings, and equipment held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Attach a schedule listing these investment fixed assets held at the end of the year and showing, for each item or category listed, the cost or other basis, accumulated depreciation, and book value.

Line 12—Investments—mortgage loans. Enter the amount of mortgage loans receivable held as investments but do not include program-related investments (see *instructions for line 15*).

Line 13—Investments—other. Enter the amount of all other investment holdings not reported on lines 10 through 12. Attach a schedule listing and describing each of these investments held at the end of the year. Show the book value for each and indicate whether the investment is listed at cost or end-of-year market value. Do not include program-related investments (see *instructions for line 15*).

Line 14—Land, buildings, and equipment. On the dashed lines to the left of column (a), enter the year-end book value (cost or other basis) and accumulated depreciation of all land, buildings, and equipment owned by the organization and not held for investment. In columns (a) and (b), enter the book value of all land, buildings, and equipment not held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Include any property, plant, and equipment owned and used by the organization to conduct its charitable activities. Attach a schedule listing these fixed assets held at the end of the year and showing the cost or other basis, accumulated depreciation, and book value of each item or category listed.

Line 15—Other assets. List and show the book value of each category of assets not reportable on lines 1 through 14. Attach a separate schedule if more space is needed.

One type of asset reportable on line 15 is program-related investments. These are investments made primarily to accomplish a charitable purpose of the filing organization rather than to produce income.

Line 16—Total assets. All filers must complete line 16 of columns (a), (b), and (c). These entries represent the totals of lines 1 through 15 of each column. However, organizations that have assets of less than $5,000 per books at all times during the year need not complete lines 1 through 15 of column (c).

TIP *The column (c) amount is also entered on the entry space for I on page 1.*

Line 17—Accounts payable and accrued expenses. Enter the total of accounts payable to suppliers and others and accrued expenses, such as salaries payable, accrued payroll taxes, and interest payable.

Line 18—Grants payable. Enter the unpaid portion of grants and awards that the organization has made a commitment to pay other organizations or individuals, whether or not the commitments have been communicated to the grantees.

Line 19—Deferred revenue. Include revenue that the organization has received but not yet earned as of the balance sheet date under its method of accounting.

Line 20—Loans from officers, directors, trustees, and other disqualified persons. Enter the unpaid balance of loans received from officers, directors, trustees, and other disqualified persons. For loans outstanding at the end of the year, attach a schedule that shows (for each loan) the name and title of the lender and the information listed in items 2 through 10 of the instructions for line 6 on page 15.

Line 21—Mortgages and other notes payable. Enter the amount of mortgages and other notes payable at the beginning and end of the year. Attach a schedule showing, as of the end of the year, the total amount of all mortgages payable and, for each nonmortgage note payable, the name of the lender and the other information specified in items 2 through 10 of the instructions for line 6. The schedule should also identify the relationship of the lender to any officer, director, trustee, foundation manager, or other disqualified person.

Line 22—Other liabilities. List and show the amount of each liability not reportable on lines 17 through 21. Attach a separate schedule if more space is needed.

Lines 24 Through 30—Net Assets or Fund Balances

Organizations that follow SFAS 117. If the organization follows SFAS 117, check the box above line 24. Classify and report net assets in three groups—unrestricted, temporarily restricted, and permanently restricted—based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Show the sum of the three classes of net assets on line 30. On line 31, add the amounts on lines 23 and 30 to show total liabilities and net assets. This figure should be the same as the figure for Total assets on line 16.

Line 24—Unrestricted. Enter the balances per books of the unrestricted class of net assets. Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. All funds without donor-imposed restrictions must be classified as unrestricted, regardless of the existence of any board designations or appropriations.

Line 25—Temporarily restricted. Enter the balances per books of the temporarily restricted class of net assets. Donors' temporary restrictions may require that resources be used in a later period or after a specified date (time restrictions), or that resources be used for a specified purpose (purpose restrictions), or both.

Line 26—Permanently restricted. Enter the total of the balances for the permanently restricted class of net assets. Permanently restricted net assets are (a) assets, such as land or works of art, donated with stipulations that they be used for a specified purpose, be preserved, and not be sold or (b) assets donated with stipulations that they be invested to provide a permanent source of income. The latter result from gifts and bequests that create permanent endowment funds.

Organizations that do not follow SFAS 117. If the organization does not follow SFAS 117, check the box above line 27 and report account balances on lines 27 through 29. Report net assets or fund balances on line 30. Also complete line 31 to report the sum of the total liabilities and net assets/fund balances.

Line 27—Capital stock, trust principal, or current funds. For corporations, enter the balance per books for capital stock accounts. Show par or stated value (or for stock with no par or stated value, total amount received upon issuance) of all classes of stock issued and, as yet, uncancelled. For trusts, enter the amount in the trust principal or corpus account. For organizations continuing to use the fund method of accounting, enter the fund balances for the organization's current restricted and unrestricted funds.

Line 28—Paid-in or capital surplus, or land, building, and equipment fund. Enter the balance per books for all paid-in capital in excess of par or stated value for all stock issued and uncancelled. If stockholders or others gave donations that the organization records as paid-in capital, include them here. Report any current-year donations you included on line 28 in Part I, line 1. The fund balance for the land, building, and equipment fund would be entered here.

Line 29—Retained earnings, accumulated income, endowment, or other funds. For corporations, enter the balance in the retained earnings, or similar account, minus the cost of any corporate treasury stock. For trusts, enter the balance per books in the accumulated income or similar account. For organizations using fund accounting, enter the total of the fund balances for the permanent and term endowment funds as well as balances of any other funds not reported on lines 27 and 28.

Line 30—Total net assets or fund balances. For organizations that follow SFAS 117, enter the total of lines 24 through 26. For all other organizations, enter the total of lines 27 through 29. Enter the beginning-of-year figure in column (a) on line 1, Part III. The end-of-year figure in column (b) must agree with the figure in Part III, line 6.

Line 31—Total liabilities and net assets/fund balances. Enter the total of lines 23 and 30. This amount must equal the amount for total assets reported on line 16 for both the beginning and end of the year.

Part III—Analysis of Changes in Net Assets or Fund Balances

Generally, the excess of revenue over expenses accounts for the difference between the net assets at the beginning and end of the year.

On line 2, Part III, re-enter the figure from Part I, line 27(a), column (a).

On lines 3 and 5, list any changes in net assets that were not caused by the receipts or expenses shown in Part I, column (a). For example, if a foundation follows FASB Statement No. 12 and shows an asset in the ending balance sheet at a higher value than in the beginning balance sheet because of an increased market value (after a larger decrease in a prior year), include the increase in Part III, line 3.

If the organization uses a stepped-up basis to determine gains on sales of assets included in Part I, column (a), then include the amount of step-up in basis in Part III. If you entered a contribution, gift, or grant of property valued at fair market value on line 25 of Part I, column (a), the difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in Part III.

Part IV—Capital Gains and Losses for Tax on Investment Income

Use Part IV to figure the amount of net capital gain to report on lines 7 and 8 of Part I.

- Part IV does not apply to foreign organizations.
- Nonoperating private foundations may not have to figure their short-term capital gain or loss on line 3. See the rules for *Nonoperating private foundations* on page 12.

Private foundations must report gains and losses from the sale or other disposition of property:

- Held for investment purposes, or
- Used to produce unrelated business income; however, only include in net investment income the part of the gain or loss that is not included in the computation of its unrelated business taxable income.

Property held for investment purposes. Property is treated as held for investment purposes if the property is of a type that generally produces interest, dividends, rents, or royalties, even if the foundation disposes of the property as soon as it receives it.

Charitable use property. Do not include any gain or loss from disposing of property used for the foundation's charitable purposes in the computation of tax on net investment income. If the foundation uses property for its charitable purposes, but also incidentally derives income from the property that is subject to the net investment income tax, any gain or loss from the sale or other disposition of the property is not subject to the tax.

However, if the foundation uses property both for charitable purposes and (other than incidentally) for investment purposes, include in the computation of tax on net investment income the part of the gain or loss from the sale or disposition of the property that is allocable to the investment use of the property.

Program-related investments. Do not include gains or losses from the sale or exchange of program-related investments as defined in the instructions for Part IX-B.

Losses. If the disposition of investment property results in a loss, that loss may be subtracted from capital gains realized from the disposition of property during the same tax year but only to the extent of the gains. If losses are more than gains, the excess may not be subtracted from gross investment income, nor may the losses be carried back or forward to other tax years.

Basis. The basis for determining gain from the sale or other disposition of property is the larger of:

1. The fair market value of the property on December 31, 1969, plus or minus all adjustments after December 31, 1969, and before the date of disposition, if the foundation held the property on that date and continuously after that date until disposition, or
2. The basis of the property on the date of disposition under normal basis rules (actual basis). See Code sections 1011−1021.

The rules that generally apply to property dispositions reported in this part are:

- Section 1011, Adjusted basis for determining gain or loss;
- Section 1012, Basis of property—cost;
- Section 1014, Basis of property acquired from a decedent;
- Section 1015, Basis of property acquired by gifts and transfers in trust; and
- Section 1016, Adjustments to basis.

To figure a loss, basis on the date of disposition is determined under normal basis rules.

The completed Form 990-PF in Package 990-PF, Returns for Private Foundations or Section 4947(a)(1) Nonexempt Charitable Trusts Treated as Private Foundations, contains an example of a sale of investment property in which the gain was computed using the donor's basis under the rules of section 1015(a).

Part V—Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

This part is used by domestic private foundations (exempt and taxable) to determine whether they qualify for the reduced 1% tax under section 4940(e) on net investment income rather than the 2% tax on net investment income under section 4940(a).

Do not complete Part V if this is the organization's first year. A private foundation cannot qualify under section 4940(e) for its first year of existence, nor can a former public charity qualify for the first year it is treated as a private foundation.

A separate computation must be made for each year in which the foundation wants to qualify for the reduced tax.

Line 1, column (b). Enter the amount of adjusted qualifying distributions made for each year shown. The amounts in column (b) are taken from Part XII, line 6 of the Form 990-PF for 2000−2004.

Line 1, column (c). Enter the net value of noncharitable-use assets for each year. The amounts in column (c) are taken from Part X, line 5, for 2000−2004.

Part VI—Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948)

General Rules

Domestic exempt private foundations. These foundations are subject to a 2% tax on net investment income under section 4940(a). However, certain exempt operating foundations described in section 4940(d)(2) may not owe any tax, and certain private foundations that meet the requirements of section 4940(e) may qualify for a reduced tax of 1% (see the *Part V instructions*).

Exception. The section 4940 tax does not apply to an organization making an election under section 41(e)(6). Enter "N/A" in Part VI.

Domestic taxable private foundations and section 4947(a)(1) nonexempt charitable trusts. These organizations are subject to a modified 2% tax on net investment income under section 4940(b). (See *Part V and its instructions* to find out if they meet the requirements of section 4940(e) that allows them to use a modified 1% tax on net investment income.) However, they must first compute the tax under section 4940(a) as if that tax applied to them.

Foreign organizations. Under section 4948, exempt foreign private foundations are subject to a 4% tax on their gross investment income derived from U.S. sources.

Taxable foreign private foundations that filed Form 1040NR, U.S. Nonresident Alien Income Tax Return, or Form 1120-F, U.S. Income Tax Return of a Foreign Corporation, enter "N/A" in Part VI.

Estimated tax. Domestic exempt and taxable private foundations and section 4947(a)(1) nonexempt charitable trusts may have to make estimated tax payments for the excise tax based on investment income. See *General Instruction O* for more information.

Tax Computation

CAUTION *Line 1a only applies to domestic exempt operating foundations that are described in section 4940(d)(2) and that have a ruling letter from the IRS establishing exempt operating foundation status. If your organization does not have this letter, skip line 1a.*

Line 1a. A domestic exempt private foundation that qualifies as an exempt operating foundation under section 4940(d)(2) is not liable for any tax on net investment income on this return.

If your organization qualifies, check the box and enter the date of the ruling letter on line 1a and enter "N/A" on line 1. Leave the rest of Part VI blank. For the first year, the organization must attach a copy of the ruling letter establishing exempt operating foundation status. As long as the organization retains this status, write the date of the ruling letter in the space on line 1a. If the organization no longer qualifies under section 4940(d)(2), leave the date line blank and compute the section 4940 tax in the normal manner.

Qualification. To qualify as an exempt operating foundation for a tax year, an organization must meet the following requirements of section 4940(d)(2).

- It is an operating foundation described in section 4942(j)(3).
- It has been publicly supported for at least 10 tax years or was a private operating foundation on January 1, 1983, or for its last tax year ending before January 1, 1983.
- Its governing body, at all times during the tax year, consists of individuals less than 25% of whom are disqualified individuals, and is broadly representative of the general public, and
- It has no officer who was a disqualified individual at any time during the tax year.

Line 2—Section 511 tax. Under section 4940(b), a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation must add to the tax figured under section 4940(a) (on line 1) the tax which would have been imposed under section 511 for the tax year if it had been exempt from tax under section 501(a). If the domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation has unrelated business taxable income that would have been subject to the tax imposed by section 511, the computation of tax must be shown in an attachment. Form 990-T may be used as the attachment. All other filers, enter zero.

Line 4—Subtitle A tax. Domestic section 4947(a)(1) nonexempt charitable trusts and taxable private foundations, enter the amount of subtitle A (income) tax for the year reported on Form 1041 or Form 1120. All other filers, enter zero.

Line 5—Tax based on investment income. Subtract line 4 from line 3 and enter the difference (but not less than zero) on line 5. Any overpayment entered on line 10 that is the result of a negative amount shown on line 5 will not be refunded. Unless the organization is a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation, the amount on line 5 is the same as on line 1.

Line 6a. Enter the amount of 2005 estimated tax payments, and any 2004 overpayment of taxes that the organization specified on its 2004 return to be credited toward payment of 2005 estimated taxes.

CAUTION *Line 6a applies only to domestic organizations.*

Trust payments treated as beneficiary payments. A trust may treat any part of estimated taxes it paid as taxes paid by the beneficiary. If the filing organization was a beneficiary that received the benefit of such a payment from a trust, include the amount on line 6a of Part VI, and write, "Includes section 643(g) payment." See section 643(g) for more information about estimated tax payments treated as paid by a beneficiary.

Line 6b. Exempt foreign foundations must enter the amount of tax withheld at the source.

Line 6d. Enter the amount of any backup withholding erroneously withheld. Recipients of interest or dividend payments must generally certify their correct tax identification number to the bank or other payer on Form W-9, Request for Taxpayer Identification Number and Certification. If the payer does not get this information, it must withhold part of the payments as "backup withholding." If the organization files Form 990-PF and was subject to erroneous backup withholding because the payer did not realize the payee was an exempt organization and not subject to this withholding, the organization can claim credit for the amount withheld.

CAUTION *Do not claim erroneous backup withholding on line 6d if you claim it on Form 990-T.*

Line 8—Penalty. Enter any penalty for underpayment of estimated tax shown on Form 2220. Form 2220 is used by both corporations and trusts.

Line 9—Tax due. Domestic foundations should see *General Instruction P.*

All foreign organizations should enclose a check or money order (in U.S. funds), made payable to the United States Treasury, with Form 990-PF.

Amended return. If you are amending Part VI, be sure to combine any tax due that was paid with the original return (or any overpayment credited or refunded) in the total for line 7. On the dotted line to the left of the line 7 entry space, write "Tax Paid w/ O.R." and the amount paid. If you had an overpayment, write "O.R. Overpayment" and the amount credited or refunded in brackets.

If you file more than one amended return, attach a schedule listing the tax due amounts that were paid and overpayment amounts that were credited or refunded. Write "See Attachment" on the dotted line and enter the net amount in the entry space for line 7.

Part VII-A—Statements Regarding Activities

Each question in this section must be answered "Yes," "No," or "N/A" (not applicable).

Line 1. "Political purposes" include, but are not limited to: directly or indirectly accepting contributions or making payments to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of presidential or vice presidential electors, whether or not the individual or electors are actually selected, nominated, elected, or appointed.

Line 3. A "conformed" copy of an organizational document is one that agrees with the original document and all its amendments. If copies are not signed, attach a written declaration signed by an officer authorized to sign for the organization, certifying that they are complete and accurate copies of the original documents.

Note. If you are filing electronically, send a conformed copy of the changes to the IRS at the address listed in *General Instruction U*.

Line 6. For a private foundation to be exempt from income tax, its governing instrument must include provisions that require it to act or refrain from acting so as not to engage in an act of self-dealing (section 4941), or subject the foundation to the taxes imposed by sections 4942 (failure to distribute income), 4943 (excess business holdings), 4944 (investments which jeopardize charitable purpose), and 4945 (taxable expenditures). A private foundation may satisfy these section 508(e) requirements either by express language in its governing instrument or by application of state law that imposes the above requirements on the foundation or treats these requirements as being contained in the governing instrument. If an organization claims it satisfies the requirements of section 508(e) by operation of state law, the provisions of state law must effectively impose the section 508(e) requirements on the organization. See Rev. Rul. 75-38, 1975-1 C.B.161, for a list of states with legislation that satisfies the requirements of section 508(e).

However, if the state law does not apply to a governing instrument that contains mandatory directions conflicting with any of its requirements and the organization has such mandatory directions in its governing instrument, then the organization has not satisfied the requirements of section 508(e) by the operation of that legislation.

Line 8a. In the space provided list all states:

1. To which the organization reports in any way about its organization, assets, or activities, and
2. With which the organization has registered (or which it has otherwise notified in any manner) that it intends to be, or is, a charitable organization or that it is, or intends to be, a holder of property devoted to a charitable purpose.

Attach a separate list if you need more space.

Line 9. If the organization claims status as a private operating foundation for 2005 and, in fact, meets the private operating foundation requirements for that year (as reflected in Part XIV), any excess distributions carryover from 2004 or prior years may not be carried over to 2005 or any year after 2005 even if it does not meet the private operating foundation requirements. See the *instructions for Part XIII*.

Line 10—Substantial contributors. If you answer "Yes," attach a schedule listing the names and addresses of all persons who became substantial contributors during the year.

The term "substantial contributor" means any person whose contributions or bequests during the current tax year and prior tax years total more than $5,000 and are more than 2% of the total contributions and bequests received by the foundation from its creation through the close of its tax year. In the case of a trust, the term "substantial contributor" also means the creator of the trust (section 507(d)(2)).

The term "person" includes individuals, trusts, estates, partnerships, associations, corporations, and other exempt organizations.

Each contribution or bequest must be valued at fair market value on the date it was received.

Any person who is a substantial contributor on any date will remain a substantial contributor for all later periods.

However, a person will cease to be a substantial contributor with respect to any private foundation if:

1. The person, and all related persons, made no contributions to the foundation during the 10-year period ending with the close of the taxable year;
2. The person, or any related person, was never the foundation's manager during this 10-year period; and
3. The aggregate contributions made by the person, and related persons, are determined by the IRS to be insignificant compared to the aggregate amount of contributions to the foundation by any other person and the appreciated value of contributions held by the foundation.

The term "related person" includes any other person who would be a disqualified person because of a relationship with the substantial contributor (section 4946). When the substantial contributor is a corporation, the term also includes any officer or director of the corporation. The term "substantial contributor" does not include public charities (organizations described in section 509(a)(1), (2), or (3)).

Line 11—Public inspection requirements and website address. All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts treated as private foundations) are subject to the public inspection requirements. See *General Instruction Q* for information on making the foundation's annual returns and exemption application available for public inspection.

Enter the foundation's website address if the foundation has a website. Otherwise, enter "N/A."

Line 13—Section 4947(a)(1) trusts. Section 4947(a)(1) nonexempt charitable trusts that file Form 990-PF instead of Form 1041 must complete this line. The trust should include exempt-interest dividends received from a mutual fund or other regulated investment company as well as tax-exempt interest received directly.

Part VII-B—Activities for Which Form 4720 May Be Required

The purpose of these questions is to determine if there is any initial excise tax due under sections 170(f)(10), 4941–4945, and section 4955. If the answer is "Yes" to question 1b, 1c, 2b, 3b, 4a, 4b, 5b, or 6b, complete and file Form 4720, unless an exception applies.

Line 1—Self-dealing. The activities listed in 1a(1)–(6) are considered self-dealing under section 4941 unless one of the exceptions applies. See Publication 578, Tax Information for Private Foundations and Foundation Managers.

The terms "disqualified person" and "foundation manager" are defined in *General Instruction C*.

Line 1b. If you answered "Yes" to any of the questions in 1a, you should answer "Yes" to 1b unless all of the acts engaged in were "excepted" acts. Excepted acts are described in Regulations sections 53.4941(d)-3 and 4 or appear in Notices published in the Internal Revenue Bulletin, relating to disaster assistance.

Line 2b—Taxes on failure to distribute income. If you answer "No" to question 2b, attach a statement explaining:
- All the facts regarding the incorrect valuation of assets, and
- The actions taken (or planned) to comply with section 4942(a)(2)(B), (C), and (D) and the related regulations.

Line 3a. A private foundation is not treated as having excess business holdings in any enterprise if, together with related foundations, it owns 2% or less of the voting stock and 2% or less in value of all outstanding shares of all classes of stock. (See "*disqualified person*" under *General Instruction C*.) A similar exception applies to a beneficial or profits interest in any business enterprise that is a trust or partnership.

For more information about excess business holdings, see Pub. 578 and the instructions for Form 4720.

Line 4—Taxes on investments that jeopardize charitable purposes. In general, an investment that jeopardizes any of the charitable purposes of a private foundation is one for which a foundation manager did not exercise ordinary business care to provide for the long- and short-term financial needs of the foundation in carrying out its charitable purposes. For more details, see Pub. 578 and the regulations under section 4944.

Line 5—Taxes on taxable expenditures and political expenditures. In general, payments made for the activities described on lines 5a(1)–(5) are taxable expenditures. See Pub. 578 for exceptions.

A grant by a private foundation to a public charity is not a taxable expenditure if the private foundation does not earmark the grant for any of the activities described in lines 5a(1)–(5), and there is no oral or written agreement by which the grantor foundation may cause the grantee to engage in any such prohibited activity or to select the grant recipient.

Grants made to exempt operating foundations (as defined in section 4940(d)(2) and the instructions to Part VI) are not subject to the expenditure responsibility provisions of section 4945.

Under section 4955, a section 501(c)(3) organization must pay an excise tax for any amount paid or incurred on behalf of or opposing any candidate for public office. The organization must pay an additional excise tax if it does not correct the expenditure timely.

A manager of a section 501(c)(3) organization who knowingly agrees to a political expenditure must pay an excise tax unless the agreement is not willful and there is reasonable cause. A manager who does not agree to a correction of the political expenditure may have to pay an additional excise tax.

A section 501(c)(3) organization will lose its exempt status if it engages in political activity.

A political expenditure that is treated as an expenditure under section 4955 is not treated as a taxable expenditure under section 4945.

For purposes of the section 4955 tax, when an organization promotes a candidate for public office (or is used or controlled by a candidate or prospective candidate), amounts paid or incurred for the following purposes are political expenditures:
- Remuneration to the individual (or candidate or prospective candidate) for speeches or other services,
- Travel expenses of the individual,
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by the individual,
- Expenses of advertising, publicity, and fundraising for such individual, and
- Any other expense that has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of the individual.

See the regulations under section 4945 for more information.

Line 5b. If you answered "Yes" to any of the questions in 5a, you should answer "Yes" to 5b unless all of the transactions engaged in were "excepted" transactions. Excepted transactions are described in Regulations section 53.4945 or appear in Notices published in the Internal Revenue Bulletin, relating to disaster assistance.

Line 6b. Check "Yes" if, in connection with any transfer of funds to a private foundation, the foundation directly or indirectly pays premiums on any personal benefit contract, or there is an understanding or expectation that any person will directly or indirectly pay these premiums.

Report the premiums it paid and the premiums paid by others, but treated as paid by the private foundation, on Form 8870 and pay the excise tax (which is equal to premiums paid) on Form 4720.

For more information, see Form 8870 and Notice 2000-24, 2000-17 I.R.B. 952 (Notice 2000-24, 2000-1, C.B., 952.)

Part VIII—Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

Line 1—List of officers, directors, trustees, etc. List the names, addresses, and other information requested for those who were officers, directors, and trustees (or any person who had responsibilities or powers similar to those of officers, directors, or trustees) of the foundation at any time during the year. Each must be listed whether or not they receive any compensation from the foundation. Give the preferred address at which officers, etc., want the Internal Revenue Service to contact them.

Also include on this list, any officers or directors (or any person who had responsibilities or powers similar to those of officers or directors) of a disregarded entity owned by the foundation who are not officers, directors, etc., of the foundation.

If the foundation (or disregarded entity) pays any other person, such as a management services company, for the services provided by any of the foundation's officers, directors, or trustees (or any person who had responsibilities or powers similar to those of officers, directors, or trustees), report the compensation and other items on Part VIII as if you had paid the officers, etc., directly. But see Announcement 2001-33, 2001-17 I.R.B., 1137, 2001-1 C.B. 1137.

Show all forms of compensation earned by each listed officer, etc. In addition to completing Part VIII, if you want to explain the compensation of one or more officers, directors, and trustees, you may provide an attachment describing the person's entire 2005 compensation package.

Enter zero in columns (c), (d), and (e) if no compensation was paid. Attach a schedule if more space is needed.

Column (b). A numerical estimate of the average hours per week devoted to the position is required for the answer to be considered complete.

CAUTION *Phrases such as "as needed" or "as required" are unacceptable entries for column (b).*

Column (c). Enter salary, fees, bonuses, and severance payments received by each person listed. Include current year payments of amounts reported or reportable as deferred compensation in any prior year.

Column (d). Include all forms of deferred compensation and future severance payments (whether or not funded or vested, and whether or not the deferred compensation plan is a qualified plan under section 401(a)). Include payments to welfare benefit plans (employee welfare benefit plans covered by Part I of Title 1 of ERISA, providing benefits such as medical, dental, life insurance, apprenticeship and training, scholarship funds, severance pay, disability, etc.) on behalf of the officers, etc. Reasonable estimates may be used if precise cost figures are not readily available.

Unless the amounts are reported in column (c), report, as deferred compensation in column (d), salaries and other compensation earned during the period covered by the return, but not yet paid by the date the foundation files its return.

Column (e). Enter both taxable and nontaxable fringe benefits, expense account and other allowances (other than de minimis fringe benefits described in section 132(e)). See Publication 525, Taxable and Nontaxable Income for more information. Examples of allowances include amounts for which the recipient did not account to the organization or allowances that were more than the payee spent on serving the organization. Include payments made in connection with indemnification arrangements, the value of the personal use of housing, automobiles, or other assets owned or leased by the organization (or provided for the organization's use without charge).

Line 2—Compensation of five highest-paid employees. Fill in the information requested for the five employees (if any) of the foundation (or disregarded entity that the foundation owns) who received the greatest amount of annual compensation over $50,000. Do not include employees listed on line 1. Also enter the total number of other employees who received more than $50,000 in annual compensation.

Show each listed employee's entire compensation package for the period covered by the return. Include all forms of compensation that each listed employee received in return for his or her services. See the *line 1 instructions* for more details on includible compensation.

Line 3—Five highest-paid independent contractors for professional services. Fill in the information requested for the five highest-paid independent contractors (if any), whether individuals or professional service corporations or associations, to whom the organization paid more than $50,000 for the year to perform personal services of a professional nature for the organization (for example, attorneys, accountants, and doctors). Also show the total number of all other independent contractors who received more than $50,000 for the year for performing professional services.

Part IX-A—Summary of Direct Charitable Activities

List the foundation's four largest programs as measured by the direct and indirect expenses attributable to each that consist of the direct active conduct of charitable activities. Whether any expenditure is for the direct active conduct of a charitable activity is determined, generally, by the definitions and special rules of section 4942(j)(3) and the related regulations, which define a private operating foundation.

Except for significant involvement grant programs, described below, do not include in Part IX-A any grants or expenses attributable to administering grant programs, such as reviewing grant applications, interviewing or testing applicants, selecting grantees, and reviewing reports relating to the use of the grant funds.

Include scholarships, grants, or other payments to individuals as part of an active program in which the foundation maintains some significant involvement. Related administrative expenses should also be included. Examples of active programs and definitions of the term "significant involvement" are provided in Regulations sections 53.4942(b)-1(b)(2) and 53.4942(b)-1(d).

Do not include any program-related investments (reportable in Part IX-B) in the description and expense totals, but be sure to include qualified set-asides for direct charitable activities, reported on line 3 of Part XII. Also, include in Part IX-A, amounts paid or set aside to acquire assets used in the direct active conduct of charitable activities.

Expenditures for direct charitable activities include, among others, amounts paid or set aside to:

1. Acquire or maintain the operating assets of a museum, library, or historic site or to operate the facility;
2. Provide goods, shelter, or clothing to indigents or disaster victims if the foundation maintains some significant involvement in the activity rather than merely making grants to the recipients;
3. Conduct educational conferences and seminars;
4. Operate a home for the elderly or disabled;
5. Conduct scientific, historic, public policy, or other research with significance beyond the foundation's grant program that does not constitute a prohibited attempt to influence legislation;
6. Publish and disseminate the results of such research, reports of educational conferences, or similar educational material;
7. Support the service of foundation staff on boards or advisory committees of other charitable organizations or on public commissions or task forces;
8. Provide technical advice or assistance to a governmental body, a

governmental committee, or subdivision of either, in response to a written request by the governmental body, committee, or subdivision;

9. Conduct performing arts performances; or

10. Provide technical assistance to grantees and other charitable organizations. This assistance must have significance beyond the purposes of the grants made to the grantees and must not consist merely of monitoring or advising the grantees in their use of the grant funds. Technical assistance involves the furnishing of expert advice and related assistance regarding, for example:

a. Compliance with governmental regulations,

b. Reducing operating costs or increasing program accomplishments,

c. Fundraising methods, and

d. Maintaining complete and accurate financial records.

Report both direct and indirect expenses in the expense totals. Direct expenses are those that can be specifically identified as connected with a particular activity. These include, among others, compensation and travel expenses of employees and officers directly engaged in an activity, the cost of materials and supplies utilized in conducting the activity, and fees paid to outside firms and individuals in connection with a specific activity.

Indirect (overhead) expenses are those that are not specifically identified as connected with a particular activity but that relate to the direct costs incurred in conducting the activity. Examples of indirect expenses include: occupancy expenses; supervisory and clerical compensation; repair, rental, and maintenance of equipment; expenses of other departments or cost centers (such as accounting, personnel, and payroll departments or units) that service the department or function that incurs the direct expenses of conducting an activity; and other applicable general and administrative expenses, including the compensation of top management, to the extent reasonably allocable to a particular activity.

No specific method of allocation is required. The method used, however, must be reasonable and must be used consistently.

Examples of acceptable allocation methods include:

- Compensation that is allocated on a time basis,
- Employee benefits that are allocated on the basis of direct salary expenses,
- Travel, conference, and meeting expenses that are charged directly to the activity that incurred the expense,
- Occupancy expenses that are allocated on a space-utilized basis, and
- Other indirect expenses that are allocated on the basis of direct salary expenses or total direct expenses.

Part IX-B—Summary of Program-Related Investments

Program-related investment. Section 4944(c) and corresponding regulations define a program-related investment as one that is made primarily to accomplish a charitable purpose of the foundation and no substantial purpose of which is to produce investment income or a capital gain from the sale of the investment. Examples of program-related investments include educational loans to individuals and low-interest loans to other section 501(c)(3) organizations.

General instructions. Include only those investments that were reported in Part XII, line 1b, for the current year. Do not include any investments made in any prior year even if they were still held by the foundation at the end of 2005.

Investments consisting of loans to individuals (such as educational loans) are not required to be listed separately but may be grouped with other program-related investments of the same type. Loans to other section 501(c)(3) organizations and all other types of program-related investments must be listed separately on lines 1 through 3 or on an attachment.

Lines 1 and 2. List the two largest program-related investments made by the foundation in 2005, whether or not the investments were still held by the foundation at the end of the year.

Line 3. Combine all other program-related investments and enter the total on the line 3 Amount column. List the individual investments or groups of investments included (attach a schedule if necessary).

TIP *The total of lines 1 through 3 in the Amount column must equal the amount reported on line 1b of Part XII.*

Part X—Minimum Investment Return

Who must complete this section? All domestic foundations must complete Part X.

Foreign foundations that checked box D2 on page 1 do not have to complete Part X unless claiming status as a private operating foundation.

Private operating foundations, described in sections 4942(j)(3) or 4942(j)(5), must complete Part X in order to complete Part XIV.

Overview. A private foundation that is not a private operating foundation must pay out, as qualifying distributions, its minimum investment return. This is generally 5% of the total fair market value of its noncharitable assets, subject to further adjustments as explained in the instructions for Part XI. The amount of this minimum investment return is figured in Part X and is used in Part XI to figure the amount that is required to be paid out (the distributable amount).

Minimum investment return. In figuring the minimum investment return, include only those assets that are not actually used or held for use by the organization for a charitable, educational, or other similar function that contributed to the charitable status of the foundation. Cash on hand and on deposit is considered used or held for use for charitable purposes only to the extent of the reasonable cash balances reported in Part X, line 4. See the *instructions for lines 1b and 4 below*.

Assets that are held for the production of income or for investment are not considered to be used directly for charitable functions even though the income from the assets is used for the charitable functions. It is a factual question whether an asset is held for the production of income or for investment rather than used or held for use directly by the foundation for charitable purposes.

For example, an office building that is used to provide offices for employees engaged in managing endowment funds for the foundation is not considered an asset used for charitable purposes.

Dual-use property. When property is used both for charitable and other purposes, the property is considered used entirely for charitable purposes if 95% or more of its total use is for that purpose. If less than 95% of its total use is for charitable purposes, a reasonable allocation must be made between charitable and noncharitable use.

Excluded property. Certain assets are excluded entirely from the computation of the minimum investment return. These include pledges of grants and contributions to be received in the future and future interests in estates and trusts. See Pub. 578, chapter VII, for more details.

Line 1a—Average monthly fair market value of securities. If market quotations are readily available, a foundation may use any reasonable method to determine the average monthly fair market value of securities such as common and preferred stock, bonds, and mutual fund shares, as long as that method is consistently used. For example, a value for a particular month might be determined by the closing price on the first or last trading days of the month or an average of the closing prices on the first and last trading days of the month. Market quotations are considered readily available if a security is any of the following:

- Listed on the New York or American Stock Exchange or any city or regional exchange in which quotations appear on a daily basis, including foreign securities listed on a recognized foreign national or regional exchange,

- Regularly traded in the national or regional over-the-counter market for which published quotations are available, or
- Locally traded, for which quotations can be readily obtained from established brokerage firms.

If securities are held in trust for, or on behalf of, a foundation by a bank or other financial institution that values those securities periodically using a computer pricing system, a foundation may use that system to determine the value of the securities. The system must be acceptable to the IRS for federal estate tax purposes.

The foundation may reduce the fair market value of securities only to the extent that it can establish that the securities could only be liquidated in a reasonable period of time at a price less than the fair market value because of:

- The size of the block of the securities,
- The fact that the securities held are securities in a closely held corporation, or
- The fact that the sale of the securities would result in a forced or distress sale.

Any reduction in value allowed under these provisions may not be more than 10% of the fair market value (determined without regard to any reduction in value).

Also, see Regulations sections 53.4942(a)-2(c)(4)(i)(b), (c), and (iv)(a).

Line 1b—Average of monthly cash balances. Compute cash balances on a monthly basis by averaging the amount of cash on hand on the first and last days of each month. Include all cash balances and amounts that may be used for charitable purposes (see line 4 below) or set aside and taken as a qualifying distribution (see *Part XII*).

Line 1c—Fair market value of all other assets. The fair market value of assets other than securities is determined annually except as described below. The valuation may be made by private foundation employees or by any other person even if that person is a disqualified person. If the IRS accepts the valuation, it is valid only for the tax year for which it is made. A new valuation is required for the next tax year.

5-year valuation. A written, certified, and independent appraisal of the fair market value of any real estate, including any improvements, may be determined on a 5-year basis by a qualified person.

The qualified person may not be a disqualified person (see *General Instruction C*) with respect to the private foundation or an employee of the foundation.

Commonly accepted valuation methods must be used in making the appraisal. A valuation based on acceptable methods of valuing property for federal estate tax purposes will be considered acceptable.

The appraisal must include a closing statement that, in the appraiser's opinion, the appraised assets were valued according to valuation principles regularly employed in making appraisals of such property, using all reasonable valuation methods. The foundation must keep a copy of the independent appraisal for its records. If a valuation is reasonable, the foundation may use it for the tax year for which the valuation is made and for each of the 4 following tax years.

Any valuation of real estate by a certified independent appraisal may be replaced during the 5-year period by a subsequent 5-year certified independent appraisal or by an annual valuation as described above. The most recent valuation should be used to compute the foundation's minimum investment return.

If the valuation is made according to the above rules, the IRS will continue to accept it during the 5-year period for which it applies even if the actual fair market value of the property changes during the period.

Valuation date. An asset required to be valued annually may be valued as of any day in the private foundation's tax year, provided the foundation values the asset as of that date in all tax years. However, a valuation of real estate determined on a 5-year basis by a certified, independent appraisal may be made as of any day in the first tax year of the foundation to which the valuation applies.

Assets held for less than a tax year. To determine the value of an asset held less than 1 tax year, divide the number of days the foundation held the asset by the number of days in the tax year. Multiply the result by the fair market value of the asset.

Line 1e—Reduction claimed for blockage or other factors. If the fair market value of any securities, real estate holdings, or other assets reported on lines 1a and 1c reflects a blockage discount, marketability discount, or other reduction from full fair market value because of the size of the asset holding or any other factor, enter on line 1e the aggregate amount of the discounts claimed. Attach an explanation that includes the following information for each asset or group of assets involved:

1. A description of the asset or asset group (e.g., 20,000 shares of XYZ, Inc., common stock),
2. For securities, the percentage of the total issued and outstanding securities of the same class that is represented by the foundation's holding,
3. The fair market value of the asset or asset group before any claimed blockage discount or other reduction,
4. The amount of the discount claimed, and
5. A statement that explains why the claimed discount is appropriate in valuing the asset or group of assets for section 4942 purposes.

In the case of securities, there are certain limitations on the size of the reduction in value that can be claimed. See the *instructions for Part X, line 1a.*

Line 2—Acquisition indebtedness. Enter the total acquisition indebtedness that applies to assets included on line 1. For details, see section 514(c)(1).

Line 4—Cash deemed held for charitable activities. Foundations may exclude from the assets used in the minimum investment return computation the reasonable cash balances necessary to cover current administrative expenses and other normal and current disbursements directly connected with the charitable, educational, or other similar activities. The amount of cash that may be excluded is generally $1\frac{1}{2}$% of the fair market value of all assets (minus any acquisition indebtedness) as computed in Part X, line 3. However, if under the facts and circumstances an amount larger than the deemed amount is necessary to pay expenses and disbursements, then you may enter the larger amount instead of $1\frac{1}{2}$% of the fair market value on line 4. If you use a larger amount, attach an explanation.

Line 6—Short tax periods. If the foundation's tax period is less than 12 months, determine the applicable percentage by dividing the number of days in the short tax period by 365 (or 366 in a leap year). Multiply the result by 5%. Then multiply the modified percentage by the amount on line 5 and enter the result on line 6.

Part XI—Distributable Amount

If the organization is claiming status as a private operating foundation described in section 4942(j)(3) or (j)(5) or if it is a foreign foundation that checked box D2 on page 1, check the box in the heading for Part XI. You do not need to complete this part. See the *Part XIV instructions* for more details on private operating foundations.

Section 4942(j)(5) organizations are classified as private operating foundations for purposes of section 4942 only if they meet the requirements of Regulations section 53.4942(b)-1(a)(2).

The distributable amount for 2005 is the amount that the foundation must distribute by the end of 2006 as qualifying distributions to avoid the 15% tax on the undistributed portion.

Line 4. Enter the total of recoveries of amounts treated as qualifying distributions for any year under section 4942(g). Include recoveries of part or all (as applicable) of grants previously made; proceeds from the sale or other disposition of property whose cost was treated as a qualifying distribution when the property was acquired; and any amount set aside under section 4942(g) to the extent it is determined that this amount is not necessary for the purposes of the set-aside.

Line 6—Deduction from distributable amount. If the foundation was organized before May 27, 1969, and its governing instrument or any other instrument continues to require the accumulation of income after a judicial proceeding to reform the instrument has terminated, then the amount of the income required to be accumulated must be subtracted from the distributable amount beginning with the first tax year after the tax year in which the judicial proceeding was terminated. (See the *instructions for Part VII-A, line 6*.)

Part XII—Qualifying Distributions

"Qualifying distributions" are amounts spent or set aside for religious, educational, or similar charitable purposes. The total amount of qualifying distributions for any year is used to reduce the distributable amount for specified years to arrive at the undistributed income (if any) for those years.

Line 1a—Expenses, contributions, gifts, etc. Enter the amount from Part I, column (d), line 26. However, if the borrowed funds election applies, add the total of the repayments during the year to the amount from Part I, column (d), line 26, and enter it on line 1a.

Borrowed funds. If the foundation borrowed money in a tax year beginning before January 1, 1970, or later borrows money under a written commitment binding on December 31, 1969, the foundation may elect to treat any repayments of the loan principal after December 31, 1969, as qualifying distributions at the time of repayment, rather than at the earlier time that the borrowed funds were actually distributed, only if:

1. The money is used to make expenditures for a charitable or similar purpose, and
2. Repayment on the loan did not start until a year beginning after 1969.

On these loans, deduct any interest payment from gross income to compute adjusted net income in the year paid.

Election. To make this election, attach a statement to Form 990-PF for the first tax year beginning after 1969 in which a repayment of loan principal is made and for each tax year after that in which any repayment of loan principal is made. The statement should show:

- The lender's name and address,
- The amount borrowed,
- The specific use of the borrowed funds, and
- The private foundation's election to treat repayments of loan principal as qualifying distributions.

Line 1b—Program-related investments. Enter the total of the "Amount" column from Part IX-B. See the *Part IX-B instructions* for the definition of program-related investments.

Line 3—Amounts set aside. Amounts set aside may be treated as qualifying distributions only if the private foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and meets 1 or 2 below.

1. The project can be better accomplished by a set-aside than by the immediate payment of funds (suitability test), or
2. The private foundation meets the requirements of section 4942(g)(2)(B)(ii) (cash distribution test).

Set-aside under item 1. For any set-aside under 1 above, the private foundation must apply for IRS approval by the end of the tax year in which the amount is set aside. Send the application for approval to the:

Internal Revenue Service
TE/GE EO - Determinations
P.O. Box 2508
Cincinnati. OH 45201

The application for approval must give all of the following information:

- The nature and purposes of the specific project and the amount of the set-aside for which approval is requested,
- The amounts and approximate dates of any planned additions to the set-aside after its initial establishment,
- The reasons why the project can be better accomplished by the set-aside than by the immediate payment of funds,
- A detailed description of the project, including estimated costs, sources of any future funds expected to be used for completion of the project, and the location(s) (general or specific) of any physical facilities to be acquired or constructed as part of the project, and
- A statement of an appropriate foundation manager that the amounts set aside will actually be paid for the specific project within a specified period of time ending within 60 months after the date of the first set-aside; or a statement explaining why the period for paying the amount set aside should be extended and indicating the extension of time requested. (Include in this statement the reason why the proposed project could not be divided into two or more projects covering periods of no more than 60 months each.)

Set-aside under item 2. For any set-aside under 2 above, the private foundation must attach a schedule to its annual information return showing how the requirements are met. A schedule is required for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. See Regulations section 53.4942(a)-3(b)(7)(ii) for specific requirements.

Line 5—Reduced tax on investment income under section 4940(e). If the organization does not qualify for the 1% tax under section 4940(e), enter zero. See *Parts V and VI of the instructions.*

Part XIII—Undistributed Income

If you checked box D2 on page 1, do not fill in this part.

If the organization is a private operating foundation for any of the years shown in Part XIII, do not complete the portions of Part XIII that apply to those years. If there are excess qualifying distributions for any tax year, do not carry them over to a year in which the organization is a private operating foundation or to any later year. For example, if a foundation made excess qualifying distributions in 2003 and became a private operating foundation in 2005, the excess qualifying distributions from 2003 could be applied against the distributable amount for 2004 but not to any year after 2004.

The purpose of this part is to enable the foundation to comply with the rules for applying its qualifying distributions for the year 2005. In applying the qualifying distributions, there are three basic steps.

1. Reduce any undistributed income for 2004 (but not below zero).
2. The organization may use any part or all remaining qualifying distributions for 2005 to satisfy elections. For example, if undistributed income remained for any year before 2004, it could be reduced to zero or, if the foundation wished, the distributions could be treated as distributions out of corpus.
3. If no elections are involved, apply remaining qualifying distributions to the 2005 distributable amount on line 4d. If the remaining qualifying distributions are greater than the 2005 distributable amount, the excess is treated as a distribution out of corpus on line 4e.

If for any reason the 2005 qualifying distributions do not reduce any 2004 undistributed income to zero, the amount not distributed is subject to a 15% tax. If the 2004 income remains undistributed at the end of 2006, it could be subject again to the 15% tax. Also, see section 4942(b) for the circumstances under which a second-tier tax could be imposed.

Line 1—Distributable amount. Enter the distributable amount for 2005 from Part XI, line 7.

Line 2—Undistributed income. Enter the distributable amount for 2004 and amounts for earlier years that remained undistributed at the beginning of the 2005 tax year.

Line 2b. Enter the amount of undistributed income for years before 2004.

Line 3—Excess distributions carryover to 2005. If the foundation has made excess distributions out of corpus in prior years, which have not been applied in any year, enter the amount for each year. Do not enter an amount for a particular year if the organization was a private operating foundation for any later year.

Lines 3a through 3e. Enter the amount of any excess distribution made on the line for each year listed. Do not include any amount that was applied against the distributable amount of an earlier year or that was already used to meet pass-through distribution requirements. (See the instructions for line 7.)

Line 3f. This amount can be applied in 2005.

Line 4—Qualifying distributions. Enter the total amount of qualifying distributions made in 2005 from Part XII, line 4. The total of the amounts applied on lines 4a through 4e is equal to the qualifying distributions made in 2005.

Line 4a. The qualifying distributions for 2005 are first used to reduce any undistributed income remaining from 2004. Enter only enough of the 2005 qualifying distributions to reduce the 2004 undistributed income to zero.

Lines 4b and 4c. If there are any 2005 qualifying distributions remaining after reducing the 2004 undistributed income to zero, one or more elections can be made under Regulations section 53.4942(a)-3(d)(2) to apply all or part of the remaining qualifying distributions to any undistributed income remaining from years before 2004 or to apply to corpus.

Elections. To make these elections, the organization must file a statement with the IRS or attach a statement, as described in the above regulations section, to Form 990-PF. An election made by filing a separate statement with the IRS must be made within the year for which the election is made. Otherwise, attach a statement to the Form 990-PF filed for the year the election was made.

Where to enter. If the organization elected to apply all or part of the remaining amount to the undistributed income remaining from years before 2004, enter the amount on line 4b.

If the organization elected to treat those qualifying distributions as a distribution out of corpus, enter the amount on line 4c.

CAUTION *Entering an amount on line 4b or 4c without submitting the required statement is not considered a valid election.*

Line 4d. Treat as a distribution of the distributable amount for 2005 any qualifying distributions for 2005 that remain after reducing the 2004 undistributed income to zero and after electing to treat any part of the remaining distributions as a distribution out of corpus or as a distribution of a prior year's undistributed income. Enter only enough of the remaining 2005 qualifying distributions to reduce the 2005 distributable amount to zero.

Line 4e. Any 2005 qualifying distributions remaining after reducing the 2005 distributable amount to zero should be treated as an excess distribution out of corpus. This amount may be carried over and applied to later years.

Line 5—Excess qualifying distributions carryover applied to 2005. Enter any excess qualifying distributions from line 3, which were applied to 2005, in both the Corpus column and the 2005 column. Apply the oldest excess qualifying distributions first. Thus, the organization will apply any excess qualifying distributions carried forward from 2000 before those from later years.

Line 6a. Add lines 3f, 4c, and 4e. Subtract line 5 from the total. Enter the net total in the Corpus column.

Line 6c. Enter only the undistributed income from 2003 and prior years for which either a notice of deficiency under section 6212(a) has been mailed for the section 4942(a) first-tier tax, or on which the first-tier tax has been assessed because the organization filed a Form 4720 for a tax year that began before 2004.

Lines 6d and 6e. These amounts are taxable under the provisions of section 4942(a), except for any part that is due solely to improper valuation of assets to which the provisions of section 4942(a)(2) are being applied (see *Part VII-B, line 2b*). Report the taxable amount on Form 4720. If the exception applies, attach an explanation.

Line 6f. In the 2005 column, enter the amount by which line 1 is more than the total of lines 4d and 5. This is the undistributed income for 2005. The organization must distribute the amount shown by the end of its 2006 tax year so that it will not be liable for the tax on undistributed income.

Line 7—Distributions out of corpus for 2005 pass-through distributions.

1. If the foundation is the donee and receives a contribution from another private foundation, the donor foundation may treat the contribution as a qualifying distribution only if the donee foundation makes a distribution equal to the full amount of the contribution and the distribution is a qualifying distribution that is treated as a distribution of corpus. The donee foundation must, no later than the close of the first tax year after the tax year in which it receives the contributions, distribute an amount equal in value to the contributions received in the prior tax year and have no remaining undistributed income for the prior year. For example, if private foundation X received $1,000 in tax year 2004 from foundation Y, foundation X would have to distribute the $1,000 as a qualifying distribution out of corpus by the end of 2005 and have no remaining undistributed income for 2004.

2. If a private foundation receives a contribution from an individual or a corporation and the individual is seeking the 50% contribution base limit on deductions for the tax year (or the individual or corporation is not applying the limit imposed on deductions for contributions to the foundation of capital gain property), the foundation must comply with certain distribution requirements.

By the 15th day of the 3rd month after the end of the tax year in which the foundation received the contributions, the donee foundation must distribute as qualifying distributions out of corpus:

a. An amount equal to 100% of all contributions received during the year in order for the individual contributor to receive the benefit of the 50% limit on deductions, and

b. Distribute all contributions of property only so that the individual or corporation making the contribution is not subject to the section 170(e)(1)(B)(ii) limitations.

If the organization is applying excess distributions from prior years (for instance, any part of the amount in Part XIII, line 3f) to satisfy the distribution requirements of section 170(b)(1)(E) or 4942(g)(3), it must make the election under Regulations section 53.4942(a)-3(c)(2). Also, see Regulations section 1.170A-9(g)(2).

Enter on line 7 the total distributions out of corpus made to satisfy the restrictions on amounts received from donors described above.

Line 8—Outdated excess distributions carryover. Because of the 5-year carryover limitation under section 4942(i)(2), the organization must reduce any excess distributions carryover by any amounts from 2000 that were not applied in 2005.

Line 9—Excess distributions carryover to 2006. Enter the amount by which line 6a is more than the total of lines 7 and 8. This is the amount the organization may apply to 2006 and following years. Line 9 can never be less than zero.

Line 10—Analysis of line 9. In the space provided for each year, enter the amount of excess distributions carryover from that year that has not been applied as of the end of the 2005 tax year. If there is an amount on the line for 2001, it must be applied by the end of the 2006 tax year since the 5-year carryover period for 2001 ends in 2006.

Part XIV—Private Operating Foundations

All organizations that claim status as private operating foundations under section 4942(j)(3) or (5) for 2005 must complete Part XIV.

Certain elderly care facilities (section 4942(j)(5)). For purposes of section 4942 only, certain elderly care facilities may be classified as private operating foundations. To be so classified, they must be operated and maintained for the principal purpose explained in section 4942(j)(5) and also meet the endowment test described below.

If the foundation is a section 4942(j)(5) organization, complete only lines 1a, 1b, 2c, 2d, 2e, and 3b. Enter "N/A" on all other lines in the Total column for Part XIV.

Private operating foundation (section 4942(j)(3)). The term "private operating foundation" means any private foundation that spends at least 85% of the smaller of its adjusted net income or its minimum investment return directly for the active conduct of the exempt purpose or functions for which the foundation is organized and operated (the Income Test) and that also meets one of the three tests below.

1. Assets test. 65% or more of the foundation's assets are devoted directly to those activities or functionally related businesses, or both. Or 65% or more of the foundation's assets are stock of a corporation that is controlled by the foundation, and substantially all of the assets of the corporation are devoted to those activities or functionally related businesses.
2. Endowment test. The foundation normally makes qualifying distributions directly for the active conduct of the exempt purpose or functions for which it is organized and operated in an amount that is two-thirds or more of its minimum investment return.
3. Support test. The foundation normally receives 85% or more of its support (other than gross investment income as defined in section 509(e)) from the public and from five or more exempt organizations that are not described in section 4946(a)(1)(H) with respect to each other or the recipient foundation. Not more than 25% of the support (other than gross investment income) normally may be received from any one of the exempt organizations and not more than one-half of the support normally may be received from gross investment income.

See regulations under section 4942 for the meaning of "directly for the active conduct" of exempt activities for purposes of these tests.

Complying with these tests. A foundation may meet the income test and either the assets, endowment, or support test by satisfying the tests for any 3 years during a 4-year period consisting of the tax year in question and the 3 immediately preceding tax years. It may also meet the tests based on the total of all related amounts of income or assets held, received, or distributed during that 4-year period. A foundation may not use one method for satisfying the income test and another for satisfying one of the three alternative tests. Thus, if a foundation meets the income test on the 3-out-of-4-year basis for a particular tax year, it may not use the 4-year aggregation method for meeting one of the three alternative tests for that same year.

In completing line 3c(3) of Part XIV under the aggregation method, the largest amount of support from an exempt organization will be based on the total amount received for the 4-year period from any one exempt organization.

A new private foundation must use the aggregation method to satisfy the tests for its first tax year in order to be treated as a private operating foundation from the beginning of that year. It must continue to use the aggregation method for its 2nd and 3rd tax years to maintain its status for those years.

Part XV—Supplementary Information

Complete this part only if the foundation had assets of $5,000 or more at any time during the year. This part does not apply to a foreign foundation that during its entire period of existence received substantially all (85% or more) of its support (other than gross investment income) from sources outside the United States.

Line 2. In the space provided (or in an attachment, if necessary), furnish the required information about the organization's grant, scholarship, fellowship, loan, etc., programs. In addition to restrictions or limitations on awards by geographical areas, charitable fields, and kinds of recipients, indicate any specific dollar limitations or other restrictions applicable to each type of award the organization makes. This information benefits the grant seeker and the foundation. The grant seekers will be aware of the grant eligibility requirements and the foundation should receive only applications that adhere to these grant application requirements.

If the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited applications for funds, check the box on line 2.

Line 3. If necessary, attach a schedule for lines 3a and 3b that lists separately amounts given to individuals and amounts given to organizations.

Purpose of grant or contribution. Entries under this column should reflect the grant's or contribution's purpose and should be in greater detail than merely classifying them as charitable, educational, religious, or scientific activities.

For example, use an identification such as:

- Payments for nursing service,
- For fellowships, or
- For assistance to indigent families.

CAUTION *Entries such as "grant" or "contribution" under the column titled Purpose of grant or contribution are unacceptable.* See Completed Example of Form 990-PF *found in* Package 990-PF, Returns for Private Foundations, *for additional examples that describe the purpose of a grant or contribution.*

Line 3a—Paid during year. List all contributions, grants, etc., actually paid during the year, including grants or contributions that are not qualifying distributions under section 4942(g). Include current year payments of set-asides treated as qualifying distributions in the current tax year or any prior year.

Line 3b—Approved for future payment. List all contributions, grants, etc., approved during the year but not paid by the end of the year, including the unpaid portion of any current year set-aside.

Part XVI-A—Analysis of Income-Producing Activities

In Part XVI-A, analyze revenue items that are also entered in Part I, column (a), lines 3–11, and on line 5b. Contributions reported on line 1 of Part I are not entered in Part XVI-A. For information on unrelated business income, see the Instructions for Form 990-T and Pub. 598.

Columns (a) and (c). In column (a), enter a 6-digit business code, from the list in the Instructions for Form 990-T, to identify any income reported in column (b). In column (c), enter an exclusion code, from the list on page 29, to identify any income reported in column (d). If more than one exclusion code is applicable to a particular revenue item, select the lowest numbered exclusion code that applies. Also, if nontaxable revenues from several sources are reportable on the same line in column (d), use the exclusion code that applies to the largest revenue source.

Columns (b), (d), and (e). For amounts reported in Part XVI-A on lines 1–11, enter in column (b) any income earned that is unrelated business income (see section 512). In column (d), enter any income earned that is excluded from the computation of unrelated business taxable income by Code section 512, 513, or 514. In column (e), enter any related or exempt function income; that is, any income earned that is related to the organization's purpose or function which constitutes the basis for the organization's exemption.

Also enter in column (e) any income specifically excluded from gross income other than by Code section 512, 513, or 514, such as interest on state and local bonds that is excluded from tax by section 103. You must explain in Part XVI-B any amount shown in column (e).

Comparing Part XVI-A with Part I. The sum of the amounts entered on each line of lines 1–11 of columns (b), (d), and (e) of Part XVI-A should equal corresponding amounts entered on lines 3–11 of Part I, column (a), and on line 5b as shown below:

Amounts in Part XVI-A on line . . .	Correspond to Amounts in Part I, column (a), line . . .
1a–g	11
2	11
3	3
4	4
5 and 6	5b (description column)
7	11
8	6
9	11 minus any special event expenses included on lines 13 through 23 of Part I, column (a)
10	10c
11a–e	11

Line 1—Program service revenue. On lines 1a–g, list each revenue-producing program service activity of the organization. For each program service activity listed, enter the gross revenue earned for each activity, as well as identifying business and exclusion codes, in the appropriate columns. For line 1g, enter amounts that are payments for services rendered to governmental units. Do not include governmental grants that are reportable on line 1 of Part I.

Report the total of lines 1a–g on line 11 of Part I, along with any other income reportable on line 11.

Program services are mainly those activities that the reporting organization was created to conduct and that, along with any activities begun later, form the basis of the organization's current exemption from tax.

Program services can also include the organization's unrelated trade or business activities. Program service revenue also includes income from program-related investments (such as interest earned on scholarship loans) as defined in the instructions for Part IX-B.

Line 11. On lines 11a–e, list each "Other revenue" activity not reported on lines 1 through 10. Report the sum of the amounts entered for lines 11a–e, columns (b), (d), and (e), on line 11, Part I.

Line 13. On line 13, enter the total of columns (b), (d), and (e) of line 12.

You may use the following worksheet to verify your calculations.

Line 13,	Part XVI-A	______
Minus:	Line 5b, Part I **Note:** *If line 5b, Part I, reflects a loss, add that amount here instead of subtracting.*	______
Plus:	Line 1, Part I	______
Plus:	Line 5a, Part I	______
Plus:	Expenses of special events deducted in computing line 9 of Part XVI-A	______
Equal:	Line 12, column (a), of Part I	______

Part XVI-B—Relationship of Activities to the Accomplishment of Exempt Purposes

To explain how each amount in column (e) of Part XVI-A was related or exempt function income, show the line number of the amount in column (e) and give a brief description of how each activity reported in column (e) contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). Activities that generate exempt-function income are activities that form the basis of the organization's exemption from tax.

Also, explain any income entered in column (e) that is specifically excluded from gross income other than by Code section 512, 513, or 514. If no amount is entered in column (e), do not complete Part XVI-B.

Example. M, a performing arts association, is primarily supported by endowment funds. It raises revenue by charging admissions to its performances. These performances are the primary means by which the organization accomplishes its cultural and educational purposes.

M reported admissions income in column (e) of Part XVI-A and explained in Part XVI-B that these performances are the primary means by which it accomplishes its cultural and educational purposes.

Because M also reported interest from state bonds in column (e) of Part XVI-A, M explained in Part XVI-B that such interest was excluded from gross income by Code section 103.

Part XVII—Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

Part XVII is used to report direct and indirect transfers to (line 1a) and direct and indirect transactions with (line 1b) and relationships with (line 2) any other noncharitable exempt organization. A "noncharitable exempt organization" is an organization exempt under section 501(c) (that is not exempt under section 501(c)(3)), or a political organization described in section 527.

For purposes of these instructions, the section 501(c)(3) organization completing Part XVII is referred to as the "reporting organization."

A noncharitable exempt organization is "related to or affiliated with" the reporting organization if either:

- The two organizations share some element of common control, or
- A historic and continuing relationship exists between the two organizations.

A noncharitable exempt organization is unrelated to the reporting organization if:

- The two organizations share no element of common control, and
- A historic and continuing relationship does not exist between the two organizations.

An "element of common control" is present when one or more of the officers, directors, or trustees of one organization are elected or appointed by the officers, directors, trustees, or members of the other. An element of common control is also present when more than 25% of the officers, directors, or trustees of one organization serve as officers, directors, or trustees of the other organization.

A "historic and continuing relationship" exists when two organizations participate in a joint effort to achieve one or more common purposes on a continuous or recurring basis rather than on the basis of one or more isolated transactions or activities. Such a relationship also exists when two organizations share facilities, equipment, or paid personnel during the year, regardless of the length of time the arrangement is in effect.

Line 1—Reporting of certain transfers and transactions. Generally, report on line 1 any transfer to or transaction with a noncharitable exempt organization even if the transfer or transaction constitutes the only connection with the noncharitable exempt organization.

Related organizations. If the noncharitable exempt organization is related to or affiliated with the reporting organization, report all direct and indirect transfers and transactions except for contributions and grants it received.

Unrelated organizations. All transfers to an unrelated noncharitable exempt organization must be reported on line 1a. All transactions between the reporting organization and an unrelated noncharitable exempt organization must be shown on line 1b unless they meet the exception in the specific instructions for line 1b.

Line 1a—Transfers. Answer "Yes" to lines 1a(1) and 1a(2) if the reporting organization made any direct or indirect transfers of any value to a noncharitable exempt organization.

A "transfer" is any transaction or arrangement whereby one organization transfers something of value (cash, other assets, services, use of property, etc.) to another organization without receiving something of more than nominal value in return. Contributions, gifts, and grants are examples of transfers.

If the only transfers between the two organizations were contributions and grants made by the noncharitable exempt organization to the reporting organization, answer "No."

Line 1b—Other transactions. Answer "Yes" for any transaction described on line 1b(1)–(6), regardless of its amount, if it is with a related or affiliated organization.

Unrelated organizations. Answer "Yes" for any transaction between the reporting organization and an unrelated noncharitable exempt organization, regardless of its amount, if the reporting organization received less than adequate consideration. There is adequate consideration when the fair market value of the goods and other assets or services furnished by the reporting organization is not more than the fair market value of the goods and other assets or services received from the unrelated noncharitable exempt organization. The exception described below does not apply to transactions for less than adequate consideration.

Answer "Yes" for any transaction between the reporting organization and an unrelated noncharitable exempt organization if the "amount involved" is more than $500. The "amount involved" is the fair market value of the goods, services, or other assets furnished by the reporting organization.

Exception. If a transaction with an unrelated noncharitable exempt organization was for adequate consideration and the amount involved was $500 or less, answer "No" for that transaction.

Line 1b(3). Answer "Yes" for transactions in which the reporting organization was either the lessor or the lessee.

Line 1b(4). Answer "Yes" if either organization reimbursed expenses incurred by the other.

Line 1b(5). Answer "Yes" if either organization made loans to the other or if the reporting organization guaranteed the other's loans.

Line 1b(6). Answer "Yes" if either organization performed services or membership or fundraising solicitations for the other.

Line 1c. Complete line 1c regardless of whether the noncharitable exempt organization is related to or closely affiliated with the reporting organization. For purposes of this line, "facilities" includes office space and any other land, building, or structure whether owned or leased by, or provided free of charge to, the reporting organization or the noncharitable exempt organization.

Line 1d. Use this schedule to describe the transfers and transactions for which "Yes" was entered on lines 1a–c above. You must describe each transfer or transaction for which the answer was "Yes." You may combine all of the cash transfers (line 1a(1)) to each organization into a single entry. Otherwise, make a separate entry for each transfer or transaction.

Column (a). For each entry, enter the line number from line 1a–c. For example, if the answer was "Yes" to line 1b(3), enter "b(3)" in column (a).

Column (d). If you need more space, write "see attached" in column (d) and use an attached sheet for the description. If making more than one entry on line 1d, specify on the attached sheet which transfer or transaction you are describing.

Line 2—Reporting of certain relationships. Enter on line 2 each noncharitable exempt organization that the reporting organization is related to or affiliated with, as defined above. If the control factor or the historic and continuing relationship factor (or both) is present at any time during the year, identify the organization on line 2 even if neither factor is present at the end of the year.

Do not enter unrelated noncharitable exempt organizations on line 2 even if transfers to or transactions with those organizations were entered on line 1. For example, if a one-time transfer to an unrelated noncharitable exempt organization was entered on line 1a(2), do not enter the organization on line 2.

Column (b). Enter the exempt category of the organization; for example, "501(c)(4)."

Column (c). In most cases, a simple description, such as "common directors" or "auxiliary of reporting organization" will be sufficient. If you need more space, write "see attached" in column (c) and use an attached sheet to describe the relationship. If you are entering more than one organization on line 2, identify which organization you are describing on the attached sheet.

Signature

The return must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) who is authorized to sign. A receiver, trustee, or assignee must sign any return that he or she is required to file for a corporation. If the return is filed for a trust, it must be signed by the authorized trustee or trustees. Sign and date the form and fill in the signer's title.

If an officer or employee of the organization prepares the return, the Paid Preparer's space should remain blank. If someone prepares the return without charge, that person should not sign the return.

Generally, anyone who is paid to prepare the organization's tax return must sign the return and fill in the Paid Preparer's Use Only area.

If you have questions about whether a preparer is required to sign the return, please contact an IRS office.

The paid preparer must complete the required preparer information and:

- Sign it in the space provided for the preparer's signature (a facsimile signature is acceptable), and
- Give the organization a copy of the return in addition to the copy to be filed with the IRS.

If the box for question 13 of Part VII-A is checked (section 4947(a)(1) nonexempt charitable trust filing Form 990-PF instead of Form 1041), the paid preparer must also enter his or her social security number or, if applicable, PTIN and employer identification number in the spaces provided. Otherwise, do not enter the preparer's social security or employer identification number.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 990-PF are covered in Code section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	140 hr., 37 min.
Learning about the law or the form	28 hr., 15 min.
Preparing the form	33 hr., 39 min.
Copying, assembling, and sending the form to the IRS	32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406 Washington DC, 20224. Do not send the tax form to this address. Instead, see *When and Where To File* on page 5.

Exclusion Codes

General Exceptions

01— Income from an activity that is not regularly carried on (section 512(a)(1))

02— Income from an activity in which labor is a material income-producing factor and substantially all (at least 85%) of the work is performed with unpaid labor (section 513(a)(1))

03— Section 501(c)(3) organization— Income from an activity carried on primarily for the convenience of the organization's members, students, patients, visitors, officers, or employees (hospital parking lot or museum cafeteria, for example) (section 513(a)(2))

04— Section 501(c)(4) local association of employees organized before May 27, 1969— Income from the sale of work-related clothes or equipment and items normally sold through vending machines; food dispensing facilities; or snack bars for the convenience of association members at their usual places of employment (section 513(a)(2))

05— Income from the sale of merchandise, substantially all of which (at least 85%) was donated to the organization (section 513(a)(3))

Specific Exceptions

06— Section 501(c)(3), (4), or (5) organization conducting an agricultural or educational fair or exposition— Qualified public entertainment activity income (section 513(d)(2))

07— Section 501(c)(3), (4), (5), or (6) organization—Qualified convention and trade show activity income (section 513(d)(3))

08— Income from hospital services described in section 513(e)

09— Income from noncommercial bingo games that do not violate state or local law (section 513(f))

10— Income from games of chance conducted by an organization in North Dakota (section 311 of the Deficit Reduction Act of 1984, as amended)

11— Section 501(c)(12) organization— Qualified pole rental income (section 513(g)) and/or member income (described in section 501(c)(12)(H))

12— Income from the distribution of low-cost articles in connection with the solicitation of charitable contributions (section 513(h))

13— Income from the exchange or rental of membership or donor list with an organization eligible to receive charitable contributions by a section 501(c)(3) organization; by a war veterans' organization; or an auxiliary unit or society of, or trust or foundation for, a war veterans' post or organization (section 513(h))

Modifications and Exclusions

14— Dividends, interest, payments with respect to securities loans, annuities, income from notional principal contracts, other substantially similar income from ordinary and routine investments, and loan commitment fees, excluded by section 512(b)(1)

15— Royalty income excluded by section 512(b)(2)

16— Real property rental income that does not depend on the income or profits derived by the person leasing the property and is excluded by section 512 (b)(3)

17— Rent from personal property leased with real property and incidental (10% or less) in relation to the combined income from the real and personal property (section 512(b)(3))

18— Gain or loss from the sale of investments and other non-inventory property and from certain property acquired from financial institutions that are in conservatorship or receivership (sections 512(b)(5) and (16)(A))

19— Gain or loss from the lapse or termination of options to buy or sell securities or real property, and on options and from the forfeiture of good-faith deposits for the purchase, sale, or lease of investment real estate (section 512(b)(5))

20— Income from research for the United States; its agencies or instrumentalities; or any state or political subdivision (section 512(b)(7))

21— Income from research conducted by a college, university, or hospital (section 512(b)(8))

22— Income from research conducted by an organization whose primary activity is conducting fundamental research, the results of which are freely available to the general public (section 512(b)(9))

23— Income from services provided under license issued by a federal regulatory agency and conducted by a religious order or school operated by a religious order, but only if the trade or business has been carried on by the organization since before May 27, 1959 (section 512 (b)(15))

Foreign Organizations

24— Foreign organizations only—Income from a trade or business NOT conducted in the United States and NOT derived from United States sources (patrons) (section 512(a)(2))

Social Clubs and VEBAs

25— Section 501(c)(7), (9), or (17) organization—Non-exempt function income set aside for a charitable, etc., purpose specified in section 170(c)(4) (section 512(a)(3)(B)(i))

26— Section 501(c)(7), (9), or (17) organization—Proceeds from the sale of exempt function property that was or will be timely reinvested in similar property (section 512(a)(3)(D))

27— Section 501(c)(9) or (17) organization—Nonfunction income set aside for the payment of life, sick, accident, or other benefits (section 512(a)(3)(B)(ii))

Veterans' Organizations

28— Section 501(c)(19) organization—Payments for life, sick, accident, or health insurance for members or their dependents that are set aside for the payment of such insurance benefits or for a charitable, etc., purpose specified in section 170(c)(4) (section 512(a)(4))

29— Section 501(c)(19) organization— Income from an insurance set-aside (see code 28 above) that is set aside for payment of insurance benefits or for a charitable, etc., purpose specified in section 170(c)(4) (Regs. 1.512(a)–4(b)(2))

Debt-Financed Income

30— Income exempt from debt-financed (section 514) provisions because at least 85% of the use of the property is for the organization's exempt purposes. (**Note:** *This code is only for income from the 15% or less non-exempt purpose use.*) (section 514(b)(1)(A))

31— Gross income from mortgaged property used in research activities described in section 512(b)(7), (8), or (9) (section 514(b)(1)(C))

32— Gross income from mortgaged property used in any activity described in section 513(a)(1), (2), or (3) (section 514(b)(1)(D))

33— Income from mortgaged property (neighborhood land) acquired for exempt purpose use within 10 years (section 514(b)(3))

34— Income from mortgaged property acquired by bequest or devise (applies to income received within 10 years from the date of acquisition) (section 514(c)(2)(B))

35— Income from mortgaged property acquired by gift where the mortgage was placed on the property more than 5 years previously and the property was held by the donor for more than 5 years (applies to income received within 10 years from the date of gift (section 514(c)(2)(B))

36— Income from property received in return for the obligation to pay an annuity described in section 514(c)(5)

37— Income from mortgaged property that provides housing to low and moderate income persons, to the extent the mortgage is insured by the Federal Housing Administration (section 514(c)(6)). **(Note:** *In many cases, this would be exempt function income reportable in column (e). It would not be so in the case of a section 501(c)(5) or (6) organization, for example, that acquired the housing as an investment or as a charitable activity.***)**

38— Income from mortgaged real property owned by: a school described in section 170(b)(1)(A)(ii); a section 509(a)(3) affiliated support organization of such a school; a section 501(c)(25) organization; or by a partnership in which any of the above organizations owns an interest if the requirements of section 514(c)(9)(B)(vi) are met (section 514(c)(9))

Special Rules

39— Section 501(c)(5) organization—Farm income used to finance the operation and maintenance of a retirement home, hospital, or similar facility operated by the organization for its members on property adjacent to the farm land (section 1951(b)(8)(B) of Public Law 94-455)

40— Annual dues, not exceeding $127 (subject to inflation), paid to a section 501(c)(5) agricultural or horticultural organization (section 512(d))

Trade or Business

41— Gross income from an unrelated activity that is regularly carried on but, in light of continuous losses sustained over a number of tax periods, cannot be regarded as being conducted with the motive to make a profit (not a trade or business)

Other

42— Receipt of qualified sponsorship payments described in section 513(i)

43— Exclusion of any gain or loss from the qualified sale, exchange, or other disposition of any qualifying brownfield property (section 512(b)(18)[(19)])

Index

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2005

Department of the Treasury
Internal Revenue Service

Instructions for Form 990-T

Exempt Organization Business Income Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

Contents **Page**

What's New

• The organization may be able to deduct a portion of income from certain qualified production activities. See section 199 and Form 8903, Domestic Activities Production Deduction. Report the deduction on Form 990-T, line 28.
• For property leased to a government or another tax-exempt entity, or in the case of property acquired after March 12, 2004, that is treated as tax-exempt use property other than by reason of a lease, an organization may not claim deductions related to the property to the extent they exceed the organization's income from the lease payments. See section 470.
• An employee retention credit is available to employer organizations affected by Hurricanes Katrina, Rita, or Wilma. The credit is equal to 40 percent of qualified wages of employees. See section 38(b).
• Organizations are not subject to the contribution limitations for qualified cash contributions made beginning on August 28, 2005, and ending on December 31, 2005, for relief efforts related to Hurricane Katrina, Rita, or Wilma. See section 1400S(a).
• An enhanced charitable deduction for contributions of qualified food inventory is allowed from any taxpayer engaged in a trade or business to a charitable organization for the benefit of the ill, needy, or infants during the period beginning on August 28, 2005, and ending on December 31, 2005. A special limitation applies to certain entities. See section 170(e)(3)(C).
• The organization is allowed a deduction for donations of educational books made to a public school that provides elementary or secondary education. See section 170(e)(3)(D).
• Organizations may elect on a timely filed return, including extensions, to be taxed on income from qualifying shipping activities using an alternative tax method. Use Form 8902, Alternative Tax on Qualified Shipping Activities.
• The Gulf Opportunity Zone Act of 2005 provides certain tax relief benefits for organizations. For details, see Pub. 4492, Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Unresolved Tax Issues

If the organization has attempted to deal with an IRS problem unsuccessfully, it should contact the Taxpayer Advocate. The Taxpayer Advocate independently represents the organization's interest and concerns within the IRS by protecting the rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that the organization's case is given a complete and impartial review.

The organization's assigned personal advocate will listen to its point of view and will work with the organization to address its concerns. The organization can expect the advocate to provide:
• A "fresh look" at a new or ongoing problem.
• Timely acknowledgement.
• The name and telephone number of the individual assigned to its case.
• Updates on progress.
• Timeframes for action.
• Speedy resolution.
• Courteous service.

When contacting the Taxpayer Advocate, the organization should be prepared to provide the following information:
• The organization's name, address, and employer identification number (EIN).
• The name and telephone number of an authorized contact person and the hours he or she can be reached.
• The type of tax return and years involved.
• A detailed description of the problem.
• Previous attempts to solve the problem and the office that was contacted.
• A description of the hardship the organization is facing and supporting documentation (if applicable).

The organization may contact a Taxpayer Advocate by calling a toll-free number, 1-877-777-4778. Persons who have access to TTY/TTD equipment may call 1-800-829-4059 and ask for Taxpayer Advocate assistance. If the organization prefers, it may call, write, or fax to the

Taxpayer Advocate office in its area. See Publication 1546, The Taxpayer Advocate Service of the IRS, for a list of addresses and fax numbers.

Phone Help

If you have questions and/or need help completing this form, please call 1-800-829-4933. This toll-free telephone service is available Monday through Friday.

How To Get Forms and Publications

Internet

You can access the IRS website 24 hours a day, 7 days a week, at *www.irs.gov* to:

- Order IRS products online.
- Download forms, instructions, and publications.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- Send us comments or request help by email.
- Sign up to receive local and national tax news by email. To subscribe, visit *www.irs.gov/eo.*

CD-ROM

You can order Publication 1796, IRS Tax Products on CD, and obtain:

- A CD that is released twice so you have the latest products. The first release ships late December and the final release ships in late February.
- Current year forms, instructions, and publications.
- Prior year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law and frequently asked questions (FAQs).
- Tax topics from the IRS telephone response system.
- Fill-in, print and save features for most tax forms.
- Internal Revenue Bulletins
- Toll-free and email technical support.

Buy the CD-ROM from National Technical Information Service (NTIS) at *www.irs.gov/cdorders* for $25 (no handling fee) or call 1-877-233-6767 toll free to buy the CD-ROM for $25 (plus a $5 handling fee).

By Phone and In Person

You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office.

General Instructions

Purpose of Form

Use Form 990-T, Exempt Organization Business Income Tax Return, to:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gain.

Who Must File

- Any domestic or foreign organization exempt under section 501(a) or section 529(a) must file Form 990-T if it has gross income from an unrelated trade or business of $1,000 or more. See Regulations section 1.6012-2(e). Gross income is gross receipts minus the cost of goods sold. (See Regulations section 1.61-3.)

CAUTION *A disregarded entity, as described in Regulations sections 301.7701-1 through 301.7701-3, is treated as a branch or division of its parent organization for federal tax purposes. Therefore, financial information applicable to a disregarded entity must be reported as the parent organization's financial information.*

- Organizations liable for the proxy tax on lobbying and political expenditures must file Form 990-T. See the *Line 37—Proxy Tax* on page 14 for a discussion of the proxy tax. If your organization is only required to file Form 990-T because of the proxy tax, see *Proxy Tax Only* under *Which Parts To Complete,* on page 4.
- Colleges and universities of states and other governmental units, as well as subsidiary corporations wholly owned by such colleges and universities, are also subject to the Form 990-T filing requirements. However, a section 501(c)(1) corporation that is an instrumentality of the United States and both organized and exempted from tax by an Act of Congress does not have to file.
- Organizations that are liable for other taxes (such as the section 1291 tax (line 35c or 36 of Form 990-T) or recapture taxes (line 42 of Form 990-T)) must file Form 990-T. See pages 13 and 15 of the instructions for a discussion of these items. If your organization is only required to file Form 990-T because of these taxes, see *Other Taxes* under *Which Parts To Complete,* on page 4.
- Fiduciaries for the following trusts that have $1,000 or more of unrelated trade or business gross income must file Form 990-T:

1. Individual Retirement Accounts (IRAs) described under section 408(a),
2. Simplified Employee Pensions (SEPs) described under section 408(k),
3. Simple Retirement Accounts (SIMPLE) described under section 408(p),
4. Roth IRAs described under section 408A(b),
5. Coverdell education savings accounts (ESAs) described under section 530(b),
6. Archer Medical Savings Accounts (Archer MSAs) described under section 220(d), and
7. Qualified tuition programs described under section 529.

TIP *IRAs and other tax-exempt shareholders in a RIC or REIT filing Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains should complete Form 990-T as explained in IRAs and other tax exempt shareholders in a RIC or REIT under* Which Parts To Complete*, on page 4.*

Definitions

Unrelated trade or business income. Unrelated trade or business income is the gross income derived from any trade or business (defined on page 3) that is regularly carried on, and not substantially related to (defined on page 3), the organization's exempt purpose or function (aside from the organization's need for income or funds or the use it makes of the profits).

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income is derived from nonmembers with certain modifications (see section 512(a)(3)(A)).

For a section 511(a)(2)(B) state college or university, unrelated trade or business income is derived from activities not substantially related to exercising or performing any purpose or function described in section 501(c)(3).

An unrelated trade or business does not include a trade or business:

1. In which substantially all the work is performed for the organization without compensation; or
2. That is carried on by a section 501(c)(3) or 511(a)(2)(B) organization mainly for the convenience of its members, students, patients, officers, or employees; or
3. That sells items of work-related equipment and clothes, and items normally sold through vending machines, food dispensing facilities or by snack bars, by a local association of employees described in section 501(c)(4), organized before May 27, 1969, if the sales are for the convenience of its members at their usual place of employment; or
4. That sells merchandise substantially all of which was received by the organization as gifts or contributions; or
5. That consists of qualified public entertainment activities regularly carried on by a section 501(c)(3), (4), or (5) organization as one of its substantial exempt purposes (see section 513(d)(2) for the meaning of qualified public entertainment activities); or
6. That consists of qualified convention or trade show activities regularly conducted by a section 501(c)(3), (4), (5), or (6) organization as one of its substantial exempt purposes (see section 513(d)(3) for the meaning of qualified convention and trade show activities); or
7. That furnishes one or more services described in section 501(e)(1)(A) by a hospital to one or more hospitals subject to conditions in section 513(e); or

8. That consists of qualified pole rentals (as defined in section 501(c)(12)(D)), by a mutual or cooperative telephone or electric company; or

9. That includes activities relating to the distribution of low-cost articles, each costing $8.30 or less for 2005 ($8.60 or less for 2006), by an organization described in section 501 and contributions to which are deductible under section 170(c)(2) or (3) if the distribution is incidental to the solicitation of charitable contributions; or

10. That includes the exchange or rental of donor or membership lists between organizations described in section 501 and contributions to which are deductible under section 170(c)(2) or (3); or

11. That consists of bingo games as defined in section 513(f). Generally, a bingo game is not included in any unrelated trade or business if:

a. Wagers are placed, winners determined, and prizes distributed in the presence of all persons wagering in that game, and

b. The game does not compete with bingo games conducted by for-profit businesses in the same jurisdiction, and

c. The game does not violate state or local law; or

12. That consists of conducting any game of chance by a nonprofit organization in the state of North Dakota, and the conducting of the game does not violate any state or local law; or

13. That consists of soliciting and receiving qualified sponsorship payments that are solicited or received after December 31, 1997. Generally, qualified sponsorship payment means any payment to a tax-exempt organization by a person engaged in a trade or business in which there is no arrangement or expectation of any substantial return benefit by that person—other than the use or acknowledgement of that person's name, logo, or product lines in connection with the activities of the tax-exempt organization. See section 513(i) for more information.

Trade or business. A trade or business is any activity carried on for the production of income from selling goods or performing services. An activity does not lose its identity as a trade or business merely because it is carried on within a larger group of similar activities that may or may not be related to the exempt purpose of the organization. If, however, an activity carried on for profit is an unrelated trade or business, no part of it can be excluded from this classification merely because it does not result in profit.

Not substantially related to. Not substantially related to means that the activity that produces the income does not contribute importantly to the exempt purposes of the organization, other than the need for funds, etc. Whether an activity contributes importantly depends in each case on the facts involved.

For details, see Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.

Directly connected expenses. To be deductible in computing unrelated business taxable income, expenses, depreciation, and similar items must qualify as deductions allowed by section 162, 167, or other relevant provisions of the Code, and must be directly connected with the carrying on of an unrelated trade or business activity.

To be directly connected with the carrying on of a trade or business activity, expenses, depreciation, and similar items must bear a proximate and primary relationship to the conduct of the activity. For example, where facilities and/or personnel are used both to carry on exempt activities and to conduct unrelated trade or business activities, expenses and similar items attributable to such facilities and/or personnel must be allocated between the two uses on a reasonable basis. The portion of any such item allocated to the unrelated trade or business activity must bear a proximate and primary relationship to that business activity.

When To File

An employees' trust defined in section 401(a), an IRA (including SEPs and SIMPLEs), a Roth IRA, a Coverdell ESA, and an Archer MSA must file Form 990-T by the 15th day of the 4th month after the end of its tax year. All other organizations must file Form 990-T by the 15th day of the 5th month after the end of their tax year. If the regular due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. If the return is filed late, see the discussion of *Interest and Penalties* on page 4.

Extension. Corporations may request an automatic 6-month extension of time to file Form 990-T by using Form 8868, Application for Extension of Time To File an Exempt Organization Return.

Trusts may request an automatic 3-month extension of time to file by using Form 8868. Also, if more than the initial automatic 3 months is needed, trusts may file a second Form 8868 to request that an additional, but not automatic, 3-month extension be granted by the IRS.

Amended return. To correct errors or change a previously filed return, write "Amended Return" at the top of the return. Also, include a statement that indicates the line number(s) on the original return that was changed and give the reason for each change. Generally, the amended return must be filed within 3 years after the date the original return was due or 3 years after the date the organization filed it, whichever is later.

Where To File

To file Form 990-T, mail or deliver it to:
Internal Revenue Service Center
Ogden, UT 84201-0027

Private delivery services (PDSs). In addition to the United States mail, exempt organizations can use certain PDSs designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

CAUTION *Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.*

Estimated Tax Payments

Generally, an organization filing Form 990-T must make installment payments of estimated tax if its estimated tax (tax minus allowable credits) is expected to be $500 or more. Both corporate and trust organizations use Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to figure their estimated tax liability. Do not include the proxy tax when computing your estimated tax liability for 2006.

To figure estimated tax, trusts and corporations must take the alternative minimum tax (if applicable) into account. See Form 990-W for more information.

Depository Method of Tax Payment

The organization must pay any tax due in full by the due date of the return without extensions. Some organizations (described below) are required to electronically deposit all depository taxes, including their unrelated business income tax payments.

Electronic Deposit Requirement

The organization must make electronic deposits of all depository tax (such as employment tax, excise tax, unrelated business income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2006 if:

- The total deposits in 2004 were more than $200,000 or
- The organization was required to use EFTPS in 2005.

If an organization is required to use EFTPS and fails to do so, it may be subject to a 10% penalty. If an organization is not required to use EFTPS, it may participate voluntarily. To enroll in or get more information about EFTPS, call 1-800-555-4477. To enroll online, visit *www.eftps.gov*.

Depositing on time. For EFTPS deposits to be made timely, the organization must initiate the transaction at least 1 business day before the date the deposit is due.

Deposits With Form 8109

If the organization does not use EFTPS, deposit unrelated business income tax payments (and estimated tax payments) with Form 8109, Federal Tax Deposit Coupon. If you do not have a preprinted Form 8109, you may use Form 8109-B to make deposits. You can get this form only by calling 1-800-829-4933. Be sure to have your EIN ready when you call.

Do not send deposits directly to an IRS office; otherwise, the organization may have to pay a penalty. Mail or deliver the completed Form 8109 with the payment to an authorized depositary (such as a commercial bank or other financial institution authorized to accept federal tax deposits).

Make checks or money orders payable to the depositary. To help ensure proper crediting, write the organization's EIN, the tax period to which the deposit applies, and "Form 990-T" on the check or money order. Be sure to darken the "990-T" box under "Type of Tax" and the appropriate "Quarter" box under "Tax Period" on the coupon. Records of these deposits will be sent to the IRS. For more information, see "Marking the Proper Tax Period" in the instructions for Form 8109.

If the organization prefers, it may mail the coupon and payment to: Financial Agent, Federal Tax Deposit Processing, P.O. Box 970030, St. Louis, MO 63197. Make the check or money order payable to "Financial Agent."

For more information on deposits, see the instructions in the coupon booklet (Form 8109) and Pub. 583, Starting a Business and Keeping Records.

CAUTION *If the organization owes tax when it files Form 990-T, do not include the payment with the tax return. Instead, mail or deliver the payment with Form 8109 to an authorized depositary, or use the EFTPS, if applicable.*

Interest and Penalties

Your organization may be subject to interest and penalty charges if it files a late return or fails to pay tax when due. Generally, the organization is not required to include the interest and penalty charges on Form 990-T because the IRS can figure the amount and bill the organization for it.

Interest. Interest is charged on taxes not paid by the due date even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at the underpayment rate determined under section 6621.

Late filing of return. An organization that fails to file its return when due (including extensions of time for filing) is subject to a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or $100. The penalty will not be imposed if the organization can show that the failure to file on time was due to reasonable cause. Organizations that file late should attach a statement explaining the reasonable cause.

Late payment of tax. The penalty for late payment of taxes is usually ½ of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty cannot exceed 25% of the unpaid tax. The penalty will not be imposed if the organization can show that the failure to pay on time was due to reasonable cause.

Estimated tax penalty. An organization that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, an organization is subject to this penalty if its tax liability is $500 or more and it did not make estimated tax payments of at least the smaller of its tax liability for 2005, or 100% of the prior year's tax. See section 6655 for details and exceptions.

Form 2220, Underpayment of Estimated Tax by Corporations, is used by corporations and trusts filing Form 990-T to see if the organization owes a penalty and to figure the amount of the penalty. Generally, the organization is not required to file this form because the IRS can figure the amount of any penalty and bill the organization for it. However, even if the organization does not owe the penalty, you must complete and attach Form 2220 if either of the following applies:

- The annualized income or adjusted seasonal installment method is used.
- The organization is a "large organization" computing its first required installment based on the prior year's tax.

If you attach Form 2220, be sure to check the box on line 46, page 2, Form 990-T, and enter the amount of any penalty on this line.

Trust fund recovery penalty. This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld are not paid to the United States Treasury. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's Quarterly Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the unpaid trust fund tax. See the instructions for Form 720, Pub. 15 (Circular E), Employer's Tax Guide, or Pub. 51 (Circular A), Agricultural Employer's Tax Guide, for details, including the definition of responsible persons.

Other penalties. There are also penalties that can be imposed for negligence, substantial understatement of tax, reportable transactions understatements, and fraud. See sections 6662, 6662A, and 6663.

Which Parts To Complete

TIP *If you are filing Form 990-T only because of the proxy tax, other taxes, or only to claim a refund, go directly to* Proxy Tax Only*,* Other Taxes*, or* Claim for Refund *(see below).*

Is Gross Income More Than $10,000?

If the amount on line 13, column (A), Part I, is more than $10,000, complete all lines and schedules that apply.

Is Gross Income $10,000 or Less?

If Part I, line 13, column (A) is $10,000 or less, then complete:

- The heading (the area above Part I).
- Part I, column (A) lines 1–13.
- Part I, line 13, for columns (B) and (C).
- Part II, lines 29–34.
- Parts III–V.
- Signature area.

Filers with $10,000 or less on line 13, column (A) do not have to complete Schedules A through K (however, refer to applicable schedules when completing column (A) and in determining the deductible expenses to include on line 13 of column (B)).

Proxy Tax Only

Organizations that are required to file Form 990-T only because they are liable for the proxy tax on lobbying and political expenditures must:

- Fill-in the heading (the area above Part I) except items E, H, and I.
- Enter the proxy tax on lines 37 and 39.
- Complete Part IV and the Signature area.
- Attach a schedule showing the proxy tax computation.

Other Taxes

Organizations that are required to file Form 990-T only because they are liable for recapture taxes, the section 1291 tax, or other items listed in the instructions for line 42 must:

- Fill-in the heading (the area above Part I) except items E, H, and I.
- Complete the appropriate lines of Parts III and IV.
- Complete the Signature area.

• Attach all appropriate forms and or schedules showing the computation of the applicable tax or taxes.

Claim For Refund

If your only reason for filing a Form 990-T is to claim a refund, complete the following steps:

1. Fill-in the heading (the area above Part I) except items E, H, and I.
2. Enter -0- on line 13, column (A), line 34, and line 43.
3. Enter the credit or payment on the appropriate line (44a-44f).
4. Complete lines 45, 48, and 49 and the Signature area.
5. For claims described below, follow the additional instructions for that claim.

IRAs and other tax-exempt shareholders in a RIC or REIT. If you are an IRA or other tax-exempt shareholder that is invested in a RIC or a REIT and file Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains, follow steps 1-4 above; write “Claim for Refund Shown on Form 2439” at the top of the Form 990-T; and attach to the return Copy B of Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains.

Composite Form 990-T. If you are a trustee of more than one IRA invested in a RIC, you may be able to file a composite Form 990-T to claim a refund of tax under section 852(b) instead of filing a separate Form 990-T for each IRA. See Notice 90-18, 1990-1 C.B. 327, for information on who can file a composite return. Complete steps 1-4 above and follow the additional requirements of the notice.

Backup withholding. If your only reason for filing Form 990-T is to claim a refund of backup withholding, complete the parts discussed above in steps 1-4 and attach a copy of the Form 1099 showing the withholding.

Consolidated Returns

The consolidated return provisions of section 1501 do not apply to exempt organizations, except for organizations having title holding companies. If a title holding corporation described in section 501(c)(2) pays any amount of its net income for a tax year to an organization exempt from tax under section 501(a) (or would, except that the expenses of collecting its income exceeded that income), and the corporation and organization file a consolidated return as described below, then treat the title holding corporation as being organized and operated for the same purposes as the other exempt organization (in addition to the purposes described in section 501(c)(2)).

Two organizations exempt from tax under section 501(a), one a title holding company, and the other earning income from the first, will be includible corporations for purposes of section 1504(a). If the organizations meet the definition of an affiliated group, and the other relevant provisions of Chapter 6 of the Code, then these organizations may file a consolidated return. The parent organization must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, the title holding company must attach Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return. See Regulations section 1.1502-100 for more information on consolidated returns.

Other Forms That May Be Required

Forms W-2 and W-3. Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements. Use these forms to report wages, tips, other compensation, withheld income taxes, and withheld social security/ Medicare taxes for employees.

Form 720. Use this Form 720, Quarterly Federal Excise Tax Return, to report environmental excise taxes, communications and air transportation taxes, fuel taxes, manufacturers taxes, ship passenger tax, and certain other excise taxes.

CAUTION

See Trust fund recovery penalty *on page 4.*

Form 926. File Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation, if the organization is required to report certain transfers to foreign corporations under section 6038B.

Form 940 or **Form 940-EZ.** The organization must file Form 940 or Form 940-EZ, Employer’s Annual Federal Unemployment (FUTA) Tax Return, if it is liable for FUTA tax.

Form 941 and Form 943. The organization must file Form 941, Employer’s Quarterly Federal Tax Return, or Form 943, Employer’s Annual Federal Tax Return for Agricultural Employees, to report income tax withheld, and employer and employee social security and Medicare taxes. Also, see *Trust fund recovery penalty* on page 4.

Form 945. Use Form 945, Annual Return of Withheld Federal Income Tax, to report income tax withheld from nonpayroll distributions or payments, including pensions, annuities, IRAs, gambling winnings, and backup withholding.

Form 1098. Use Form 1098, Mortgage Interest Statement, to report the receipt from any individual of $600 or more of mortgage interest (including points) in the course of the organization’s trade or business and reimbursements of overpaid interest.

Forms 1099-A, B, DIV, INT, LTC, MISC, MSA, OID, R, and S. Organizations engaged in an unrelated trade or business may be required to:

• File an information return on Forms 1099-A, B, DIV, INT, LTC, MISC, MSA, OID, R, and S;
• Report acquisitions or abandonments of secured property through foreclosure;
• Report proceeds from broker and barter exchange transactions;
• Report certain dividends and distributions;
• Report interest income;
• Report certain payments made on a per diem basis under a long-term care insurance contract, and certain accelerated death benefits;
• Report miscellaneous income (such as, payments to providers of health and medical services, miscellaneous income payments, and nonemployee compensation);
• Report distributions from an Archer MSA;
• Report original issue discount;
• Report distributions from retirement or profit-sharing plans, IRAs, SEPs, or SIMPLEs, and insurance contracts; and
• Proceeds from real estate transactions.

CAUTION

When filing the above noted information returns the organization must also file Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Form 4466. Use Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, to apply for a quick refund, if the organization over paid its estimated tax for the year by at least 10% of its expected income tax liability and at least $500.

Form 5498. Use Form 5498, IRA Contribution Information, to report contributions (including rollover contributions) to any IRA, including a SEP, SIMPLE, Roth IRA, and to report Roth IRA conversions, IRA recharacterizations, and the fair market value of the account.

Form 5498-ESA. Use Form 5498-ESA, Coverdell ESA Contribution Information, to report contributions (including rollover contributions) to and the fair market value of a Coverdell education savings account (ESA).

Form 5498-SA. Use Form 5498-SA, HSA, Archer MSA or Medicare Advantage MSA Information, to report contributions to an HSA or Archer MSA and the fair market value of an HSA, Archer MSA or Medicare Advantage MSA. For more information see the general and specific Instructions for Forms 1099-SA and 5498-SA.

Form 5713. File Form 5713, International Boycott Report, if the organization had operations in, or related to, certain “boycotting” countries.

Form 6198. File Form 6198, At-Risk Limitations, if the organization has a loss from an at-risk activity carried on as a trade or business or for the production of income.

Form 8275 and 8275-R. Taxpayers and income tax return preparers use Form 8275, Disclosure Statement, and Form 8275-R, Regulation Disclosure Statement, to disclose items or positions taken on a tax return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

Form 8300. File Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business, if the organization received more than $10,000 in cash or foreign currency in one transaction or in a series of related transactions. For more information, see Form 8300 and Regulations section 1.6050I-1(c).

Form 8697. Use Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to figure the interest due or to be refunded under the look-back method of section 460(b)(2). The look-back method applies to certain long-term contracts that are accounted for under either the percentage method or the completion-capitalized cost method.

Form 8865, Return of U.S. Person With Respect To Certain Foreign Partnerships. An organization may have to file Form 8865 if it:

1. Controlled a foreign partnership (that is, owned more than a 50% direct or indirect interest in the partnership).
2. Owned at least a 10% direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership.
3. Had an acquisition, disposition, or change in proportional interest in a foreign partnership that:
   a. Increased its direct interest to at least 10% or reduced its direct interest of at least 10% to less than 10%.
   b. Changed its direct interest by at least a 10% interest.
4. Contributed property to a foreign partnership in exchange for a partnership interest if:
   a. Immediately after the contribution, the organization directly or indirectly, owned, at least a 10% interest in the foreign partnership; or
   b. The FMV of the property the organization contributed to the foreign partnership in exchange for a partnership interest, when added to other contributions of property made to the foreign partnership by the organization or a related person during the preceding 12-month period, exceeds $100,000.

Also, the organization may have to file Form 8865 to report certain dispositions by a foreign partnership of property it previously contributed to that foreign partnership if it was a partner at the time of the disposition. For more details, including penalties that may apply, see Form 8865 and its separate instructions.

Form 8886. Use Form 8886, Reportable Transaction Disclosure Statement, to disclose information for each reportable transaction in which the organization participated. Form 8886 must be filed for each tax year that the federal income tax liability of the organization is affected by its participation in the transaction. The organization may have to pay a penalty if it is required to file Form 8886 but does not do so. The following are reportable transactions.

- Any listed transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which the organization paid an advisor a fee of at least $250,000.
- Certain transactions for which the organization has contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least $10 million in any single year or $20 million in any combination of years.
- Any transaction resulting in a book-tax difference of more than $10 million on a gross basis.
- Any transaction resulting in a tax credit of more than $250,000, if the organization held the asset generating the credit for 45 days or less.

Form 8873. Use Form 8873, Extraterritorial Income Exclusion, to report the amount of extraterritorial income from line 54 that is excluded from the organization's gross income for the tax year.

Form 8899. Use Form 8899, Notice of Income from Donated Intellectual Property, to report income from qualified intellectual property.

Accounting Methods

An accounting method is a set of rules used to determine when and how income and expenses are reported. Figure taxable income using the method of accounting regularly used in keeping the organization's books and records.

Generally, permissible methods include:

- Cash,
- Accrual, or
- Any other method authorized by the Internal Revenue Code.

In all cases, the method used must clearly show taxable income.

See Pub. 538, Accounting Periods and Methods, for more information.

Change in accounting method. To change its method of accounting used to report taxable income (for income as a whole or for the treatment of any material item), the organization must file with the IRS either an (a) advanced consent request for a ruling or (b) automatic change request for certain specific changes in accounting method.

In either case, the organization must file Form 3115, Application for Change in Accounting Method. For more information, see Form 3115 and Pub. 538, Accounting Periods and Methods.

Section 481(a) adjustment. The organization may have to make an adjustment under section 481(a) to prevent amounts of income or expense from being duplicated or omitted. The section 481(a) adjustment period is generally 1 year for a net negative adjustment and 4 years for a net positive adjustment. However, an organization may elect to use a 1-year adjustment period if the net section 481(a) adjustment for the change is less than $25,000. The organization must complete the appropriate lines of Form 3115 to make the election.

Include any net positive section 481(a) adjustment on Form 990-T, page 1, line 12. If the net section 481(a) adjustment is negative, report it on Form 990-T, page 1, line 28.

Accounting Period and Tax Year

The return must be filed using the organization's established annual accounting period. If the organization has no established accounting period, file the return on the calendar-year basis.

To change an accounting period, some organizations may make a notation on a timely filed Form 990, 990-EZ, 990-PF, or 990-T. Others may be required to file Form 1128, Application To Adopt, Change, or Retain a Tax Year. For details on which procedure applies to your organization, see Rev. Proc. 85-58, 1985-2 C.B. 740, and the instructions for Form 1128.

If the organization changes its accounting period, file Form 990-T for the short period that begins with the first day after the end of the old tax year and ends on the day before the first day of the new tax year. For the short period return, figure the tax by placing the organization's taxable income on an annual basis. For details, see Pub. 538 and section 443.

Reporting Form 990-T Information on Other Returns

Your organization may be required to file an annual information return on:

- Form 990, Return of Organization Exempt From Income Tax;
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax;
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation; or
- Form 5500, Annual Return/Report of Employee Benefit Plan.

If so, include on that information return the unrelated business gross income and expenses (but not including the specific deduction claimed on line 33, page 1, or any expense carryovers from prior years) reported on Form 990-T for the same tax year.

Rounding Off to Whole Dollars

The organization may round off cents to whole dollars on Form 990-T and its schedules. If the organization does round to whole dollars, it must round all amounts. To round, drop amounts under 50 cents and increase amount from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3.

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Attachments

If you need more space on the form or schedules, attach separate sheets. On the attachment, write the corresponding form or schedule number or letter and follow the same format. Show totals on the printed form. Also, include the organization's name and EIN. The separate sheets should be the same size as the printed form and should be attached after the printed form.

Specific Instructions

Period Covered

File the 2005 return for calendar year 2005 or a fiscal year beginning in 2005 and ending 2006. For a fiscal year, fill in the tax year information at the top of the form.

The 2005 Form 990-T may also be used if:

- The organization has a tax year of less than 12 months that begins and ends in 2006, and
- The 2006 Form 990-T is not available at the time the organization is required to file its return. The organization must show its 2006 tax year on the 2005 Form 990-T and take into account any tax law changes that are effective for tax years beginning after December 31, 2005.

Name and Address

The name and address on Form 990-T should be the same as the name and address shown on other Forms 990. If you received a mailing label and any information is incorrect or missing, cross out any errors, print the correct information, and add any missing information.

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O " followed by the third party's name and street address or P.O. box.

CAUTION **Change of name.** *If the organization has changed its name, it must check the box next to "Name of organization" and also provide the following when filing this return, if it is:*

- A corporation or is incorporated with the state, an amendment to the articles of incorporation along with proof of filing with the state is required.
- A trust, an amendment to the trust agreement is required along with the trustee(s) signature.
- An association or an unincorporated association, an amendment to the articles of association, constitution, by-laws or other organizing document is required along with signatures of at least two officers/members.

Blocks A through J

Block A. If the organization has changed its address since it last filed a return, check Block A.

TIP *If a change in address occurs after the return is filed, use* Form 8822, Change of Address*, to notify the IRS of the new address.*

Block B. Check the box under which the organization receives its tax exemption.

Qualified pension, profit-sharing, and stock bonus plans should check the 501 box and enter "a" between the first set of parentheses.

For other organizations exempt under section 501, check the box for 501 and enter the section that describes their tax exempt status, for example, 501(c)(3).

For tax exempts that do not receive their exemption under section 501, use the following guide.

If you are a	Then check this box
IRA, SEP, or SIMPLE	408(e)
Roth IRA	408A
Archer MSA	220(e)
Coverdell ESA	530(a)
Qualified State Tuition Program	529(a)

Block C. Enter the total of the end-of-year assets from the organization's books of account.

Block D. An employees' trust described in section 401(a) and exempt under section 501(a) should enter its own trust identification number in this block.

An IRA trust enters its own EIN in this block. An IRA trust never uses a social security number or the trustee's EIN.

An EIN may be applied for:

- Online—Click on the *Employer ID Numbers (EINs)* link at *www.irs.gov/businesses/small*. The EIN is issued immediately once the application information is validated.
- By telephone at 1-800-829-4933.
- By mailing or faxing Form SS-4, Application for Employer Identification Number.

If the organization has not received its EIN by the time the return is due, write "Applied for" in the space for the EIN. For more details, see Publication 583, Starting a Business and Keeping Records.

Note. The online application process is not yet available for organizations with addresses in foreign countries or Puerto Rico.

Block E. Enter the applicable unrelated business activity code(s) that specifically describes the organization's unrelated business activity. If a specific activity code does not accurately describe the organization's activities, then choose a general code that best describes its activity. These codes are listed on page 21.

Block F. If the organization is covered by a group exemption, enter the group exemption number.

Block G. Check the box that describes your organization.

"Other trust" includes IRAs, SEPs, SIMPLEs, Roth IRAs, Coverdell IRAs, and Archer MSAs.

Section 529 organizations check the 501(c) corporation or 501(c) trust box depending on whether the organization is a corporation or a trust. Also, be sure the box for 529(a) in Block B is checked.

If you check "501(c) corporation," leave line 36 blank. If you check "501(c) trust," "401(a) trust," or "Other trust" leave lines 35a, b, and c blank.

Block H. Describe the primary unrelated business activity of your organization based on unrelated income. Attach a schedule if more space is needed.

Block I. Check the "Yes" box if your organization is a corporation and either 1 or 2 below applies:

1. The corporation is a subsidiary in an affiliated group (defined in section 1504) but is not filing a consolidated return for the tax year with that group.
2. The corporation is a subsidiary in a parent-subsidiary controlled group (defined in section 1563).

Excluded member. If the corporation is an "excluded member" of a controlled group (see section 1563(b)(2)), it is still considered a member of a controlled group for purposes of Block I.

Block J. Enter the name of the person who has the organization's books and records and the telephone number at which he or she can be reached.

Part I—Unrelated Trade or Business Income

Complete column (A), lines 1 through 13. If the amount on line 13 is $10,000 or less, you may complete only line 13 for columns (B) and (C). These filers do not have to complete Schedules A through K (however, refer to applicable schedules when completing column (A)). If the amount on line 13, column (A), is more than $10,000, complete all lines and schedules that apply.

Member income of mutual or cooperative electric companies. Income of a mutual or cooperative electric company described in section 501(c)(12) which is treated as member income under subparagraph (H) of that section is excluded from unrelated business taxable income.

Extraterritorial income. Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived. Gross income generally does not include extraterritorial income that is qualifying foreign trade income. However, the extraterritorial income exclusion is reduced by 20% for transactions in 2005 (40% for transactions in 2006), unless made under a binding contract with an unrelated person in effect on September

17, 2003, and at all times thereafter. Use Form 8873, Extraterritorial Income Exclusion, to figure the exclusion. Include the exclusion in the total for *Other deductions* on line 28, Form 990-T.

Income from qualifying shipping activities. The organization's gross income does not include income from qualifying shipping activities (as defined in section 1356) if the organization makes an election under section 1354 on a timely filed return (including extensions) to be taxed on its notional shipping income (as defined in section 1353) at the highest corporate rate (35%). If the election is made, the organization generally may not claim any loss, deduction, or credit with respect to qualifying shipping activities. An organization making this election also may elect to defer gain on the disposition of a qualifying vessel under section 1359. Use Form 8902, Alternative Tax on Qualifying Shipping Activities, to figure the tax. Include the alternative tax on Form 990-T, Part IV, line 42.

Line 1a—Gross Receipts or Sales

Enter the gross income from any unrelated trade or business regularly carried on that involves the sale of goods or performance of services.

TIP *A section 501(c)(7) social club would report its restaurant and bar receipts from nonmembers on line 1, but would report its investment income on line 9 and in Schedule G.*

Advance payments. In general, advanced payments are reported in the year of receipt. To report income from long-term contracts, see section 460. For special rules for reporting certain advanced payments for goods and long-term contracts, see Regulations section 1.451-5. For permissible methods for reporting advanced payments for services by an accrual method organization, see Rev. Proc. 2004-34, 2004-22 I.R.B. 991.

Installment sales. Generally, the installment method cannot be used for dealer dispositions of property. A "dealer disposition" is (a) any disposition of personal property by a person who regularly sells or otherwise disposes of personal property of the same type on the installment plan or (b) any disposition of real property held for sale to customers in the ordinary course of the taxpayer's trade or business.

These restrictions on using the installment method do not apply to dispositions of property used or produced in a farming business or sales of timeshares and residential lots for which the organization elects to pay interest under section 453(l)(3).

For sales of timeshares and residential lots reported under the installment method, the organization's income tax is increased by the interest payable under section 453(l)(3). To report this addition to the tax, see the instructions for line 42.

Enter on line 1a (and carry to line 3), the gross profit on collections from installment sales for any of the following:

- Dealer dispositions of property before March 1, 1986.
- Dispositions of property used or produced in the trade or business of farming.
- Certain dispositions of timeshares and residential lots reported under the installment method.

Attach a schedule showing the following information for the current and the 3 preceding years:

1. Gross sales,
2. Cost of goods sold,
3. Gross profits,
4. Percentage of gross profits to gross sales,
5. Amount collected, and
6. Gross profit on amount collected.

Nonaccrual experience method. Accrual method organizations are not required to accrue certain amounts to be received from the performance of services that, on the basis of their experience, will not be collected, if:

- The services are in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, or
- The organization's average annual gross receipts for the 3 prior tax years does not exceed $5 million.

This provision does not apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. For more information, see section 448(d)(5) and Temporary Regulations section 1.488-2T. Organizations that qualify to use the nonaccrual experience method, should attach a schedule showing total gross receipts, amounts not accrued as a result of the application of section 448(d)(5), and the net amount accrued. Enter the net amount on line 1a.

Certain cooperatives that have gross receipts of $10 million or more and have patronage and nonpatronage source income and deductions must complete and attach Form 8817, Allocation of Patronage and Nonptronage Income and Deductions, to their return.

Gain or loss on disposition of certain brownfield property. Gain or loss from the qualifying sale, exchange, or other disposition of a qualifying brownfield property (as defined in section 512(b)(18)(C)), which was acquired by the organization after December 31, 2004, is excluded from unrelated business taxable income and is excepted from the debt-financed rules for such property. See section 512(b)(19) and 514(b)(1)(E).

Line 4a—Capital Gain Net Income

Generally, organizations required to file Form 990-T (except organizations described in sections 501(c)(7), (9), and (17)) are not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on debt-financed property, capital gains on cutting timber, and ordinary gains on sections 1245, 1250, 1252, 1254, and 1255 property are taxed. See Form 4797, Sales of Business Property, and its instructions for additional information.

Also, any capital gain or loss passed through from an S corporation or any gain or loss on the disposition of S corporation stock by a qualified tax exempt (see *S Corporations* under the line 5 instructions) is taxed as a capital gain or loss.

Capital gains and losses should be reported by a trust on Schedule D (Form 1041), Capital Gains and Losses, and by a corporation on Schedule D (Form 1120), Capital Gains and Losses.

An organization that transfers securities it owns for the contractual obligation of the borrower to return identical securities recognizes no gain or loss. To qualify for this treatment, the organization must lend the securities under an agreement that requires:

1. The return of identical securities;
2. The payment of amounts equivalent to the interest, dividends, and other distributions that the owner of the securities would normally receive; and
3. The risk of loss or opportunity for gain not be lessened.

See section 512(a)(5) for details.

Debt-financed property disposition. The amount of gain or loss to be reported on the sale, exchange, or other disposition of debt-financed property is the same percentage as the highest acquisition indebtedness for the property for the 12-month period before the date of disposition is to the average adjusted basis of the property. The percentage may not be more than 100%. See the instructions for Schedule E, column 5, to determine adjusted basis and average adjusted basis.

If debt-financed property is depreciable or depletable property, the provisions of sections 1245, 1250, 1252, 1254, and 1255 must be considered first.

Example. On January 1, 2004, an exempt educational corporation, using $288,000 of borrowed funds, purchased an office building for $608,000. The only adjustment to basis was $29,902 for depreciation (straight line method under MACRS over the 39-year recovery period for nonresidential real property). The corporation sold the building on December 31, 2005, for $640,000. At the date of sale, the adjusted basis of the building was $578,098 ($608,000 − $29,902) and the indebtedness remained at $288,000. The adjusted basis of the property on the first day of the year of disposition was $593,037. The average adjusted basis is $585,568 (($593,037 + $578,098) ÷ 2). The debt/basis percentage is 49% ($288,000 ÷ $585,568).

The taxable gain is $30,332 (49% × ($640,000 − $578,098)). This is a long-term capital gain. A corporation should enter the gain on line 6, Part II, Schedule D (Form 1120). A trust should

Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note: *The organization may be able to use a copy of this return to satisfy state reporting requirements.*

OMB No. 1545-0052

2005

For calendar year 2005, or tax year beginning , 2005, and ending , 20

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization		**A Employer identification number**
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	**B** Telephone number (see page 10 of the instructions) ( )
	City or town, state, and ZIP code		**C** If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here . . ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation . ▶ ☐

H Check type of organization: ☐ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here . ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $

J Accounting method: ☐ Cash ☐ Accrual
☐ Other (specify)
(Part I, column (d) must be on cash basis.)

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . ▶ ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities . . .				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2) .				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold. .				
	c Gross profit or (loss) (attach schedule) . . .				
	11 Other income (attach schedule).				
	12 **Total.** Add lines 1 through 11				
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule).				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) . .				
	17 Interest.				
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion .				
	20 Occupancy				
	21 Travel, conferences, and meetings.				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 **Total operating and administrative expenses.** Add lines 13 through 23				
	25 Contributions, gifts, grants paid				
	26 **Total expenses and disbursements.** Add lines 24 and 25				
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**				
	b **Net investment income** (if negative, enter -0-)				
	c **Adjusted net income** (if negative, enter -0-) .				

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)			
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)			
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see page 17 of the instructions)			
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)			

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	
2 Enter amount from Part I, line 27a	2	
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col.(h))
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 } **2**

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions).
If (loss), enter -0- in Part I, line 8 . . . . **3**

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No
If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2004			
2003			
2002			
2001			
2000			

2 **Total** of line 1, column (d)	2	
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	
4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter: .... **(attach copy of ruling letter if necessary—see instructions)**		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	
6	Credits/Payments:		
a	2005 estimated tax payments and 2004 overpayment credited to 2005 — 6a		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments. Add lines 6a through 6d	7	
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	
11	Enter the amount of line 10 to be: **Credited to 2006 estimated tax** ▶ | **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.*			
c	Did the organization file **Form 1120-POL** for this year?	1c		
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the organization. ▶ $ ______ **(2)** On organization managers. ▶ $ ______			
e	Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ $ ______			
2	Has the organization engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		
3	Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		
4a	Did the organization have unrelated business gross income of $1,000 or more during the year?	4a		
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6		
7	Did the organization have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7		
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶			
b	If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b		
9	Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? *If "Yes," complete Part XIV*	9		
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses.*	10		
11	Did the organization comply with the public inspection requirements for its annual returns and exemption application?	11		

Web site address ▶ ....

12 The books are in care of ▶ .... Telephone no. ▶ ....

Located at ▶ .... ZIP+4 ▶ ....

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ | 13 |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies. | Yes | No

1a During the year did the organization (either directly or indirectly):

(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ **Yes** ☐ **No**

(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? . . . . ☐ **Yes** ☐ **No**

(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ **Yes** ☐ **No**

(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ **Yes** ☐ **No**

(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? . . . . ☐ **Yes** ☐ **No**

(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) . . . . ☐ **Yes** ☐ **No**

b If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? . . **1b**

Organizations relying on a current notice regarding disaster assistance check here . . . . . . ▶ ☐

c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005? **1c**

2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):

a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? . . . . ☐ **Yes** ☐ **No**

If "Yes," list the years ▶ 20 ..... , 20 ..... , 20 ..... , 20 .....

b Are there any years listed in 2a for which the organization is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 20 of the instructions.) **2b**

c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here.

▶ 20 .... , 20 .... , 20 .... , 20 .....

3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? . . . . ☐ **Yes** ☐ **No**

b If "Yes," did it have excess business holdings in 2005 as a result of **(1)** any purchase by the organization or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2005.)* **3b**

4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? **4a**

b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005? **4b**

5a During the year did the organization pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ **Yes** ☐ **No**

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? . . . . ☐ **Yes** ☐ **No**

(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . ☐ **Yes** ☐ **No**

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? . . . . ☐ **Yes** ☐ **No**

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? . . ☐ **Yes** ☐ **No**

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? **5b**

Organizations relying on a current notice regarding disaster assistance check here . . . . . ▶ ☐

c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? . . . . ☐ **Yes** ☐ **No**

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . ☐ **Yes** ☐ **No**

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . **6b**

If you answered "Yes" to 6b, also file Form 8870.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

Total number of other employees paid over $50,000 . . . . ▶

3 Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation

Total number of others receiving over $50,000 for professional services . . . . ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1	
2	
All other program-related investments. See page 22 of the instructions. 3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:			
a	Average monthly fair market value of securities		1a	
b	Average of monthly cash balances		1b	
c	Fair market value of all other assets (see page 23 of the instructions)		1c	
d	**Total** (add lines 1a, b, and c)		1d	
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e		
2	Acquisition indebtedness applicable to line 1 assets		2	
3	Subtract line 2 from line 1d		3	
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)		4	
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	
6	**Minimum investment return.** Enter 5% of line 5		6	

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6		1	
2a	Tax on investment income for 2005 from Part VI, line 5	2a		
b	Income tax for 2005. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	
4	Recoveries of amounts treated as qualifying distributions		4	
5	Add lines 3 and 4		5	
6	Deduction from distributable amount (see page 24 of the instructions)		6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7	

Part XII Qualifying Distributions (see page 24 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	
5	Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	

Note: *The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.*

Part XIII Undistributed Income (see page 24 of the instructions)

		(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1	Distributable amount for 2005 from Part XI, line 7				
2	Undistributed income, if any, as of the end of 2004:				
a	Enter amount for 2004 only				
b	Total for prior years: 20____ ,20____ ,20____				
3	Excess distributions carryover, if any, to 2005:				
a	From 2000				
b	From 2001				
c	From 2002				
d	From 2003				
e	From 2004				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2005 from Part XII, line 4: ► $ ________				
a	Applied to 2004, but not more than line 2a				
b	Applied to undistributed income of prior years (Election required—see page 25 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 25 of the instructions)				
d	Applied to 2005 distributable amount				
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2005 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions				
e	Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions				
f	Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8	Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)				
9	**Excess distributions carryover to 2006.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2001				
b	Excess from 2002				
c	Excess from 2003				
d	Excess from 2004				
e	Excess from 2005				

Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2005	**(b)** 2004	**(c)** 2003	**(d)** 2002	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: **a** "Assets" alternative test—enter: **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ⅔ of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see page 26 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
Total . . . . ▶ **3a**				
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 26 of the instructions.)
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)					

13 **Total.** Add line 12, columns (b), (d), and (e) . . . . 13 ______

(See worksheet in line 13 instructions on page 27 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See page 27 of the instructions.)

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting organization to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		
	(2) Other assets	1a(2)		
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		
	(3) Rental of facilities, equipment, or other assets	1b(3)		
	(4) Reimbursement arrangements	1b(4)		
	(5) Loans or loan guarantees	1b(5)		
	(6) Performance of services or membership or fundraising solicitations	1b(6)		
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no.	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☐ No

b If "Yes," complete the following schedule.

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ► ☐	Preparer's SSN or PTIN (See **Signature** on page 28 of the instructions.)
Firm's name (or yours if self-employed), address, and ZIP code		EIN ►	
		Phone no. ( )	

Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note: *The organization may be able to use a copy of this return to satisfy state reporting requirements.*

OMB No. 1545-0052

2005

For calendar year 2005, or tax year beginning , 2005, and ending , 20

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization		A Employer identification number
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions) ( )
	City or town, state, and ZIP code		C If exemption application is pending, check here ▶ ☐

H Check type of organization: ☐ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $

J Accounting method: ☐ Cash ☐ Accrual
☐ Other (specify) ----------
(Part I, column (d) must be on cash basis.)

D 1. Foreign organizations, check here . . ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation . ▶ ☐
E If private foundation status was terminated under section 507(b)(1)(A), check here . ▶ ☐
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . ▶ ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities . . .				
	5a Gross rents				
	b Net rental income or (loss) ________				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a ________				
	7 Capital gain net income (from Part IV, line 2) .				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold. .				
	c Gross profit or (loss) (attach schedule) . . .				
	11 Other income (attach schedule).				
	12 **Total.** Add lines 1 through 11				
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule).				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) . .				
	17 Interest.				
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion .				
	20 Occupancy				
	21 Travel, conferences, and meetings.				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 **Total operating and administrative expenses.** Add lines 13 through 23				
	25 Contributions, gifts, grants paid				
	26 **Total expenses and disbursements.** Add lines 24 and 25				
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**				
	b **Net investment income** (if negative, enter -0-)				
	c **Adjusted net income** (if negative, enter -0-) .				

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)			
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)			
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see page 17 of the instructions)			
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)			

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	
2 Enter amount from Part I, line 27a	2	
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col.(h))
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 } **2**

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions).
If (loss), enter -0- in Part I, line 8 . . . . **3**

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No
If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2004			
2003			
2002			
2001			
2000			

2 **Total** of line 1, column (d) **2**

3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years **3**

4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5 . . . . **4**

5 Multiply line 4 by line 3 . . . . **5**

6 Enter 1% of net investment income (1% of Part I, line 27b) **6**

7 Add lines 5 and 6 . . . . **7**

8 Enter qualifying distributions from Part XII, line 4 . . . . **8**

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter: .... **(attach copy of ruling letter if necessary—see instructions)**			
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1		
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2		
3 Add lines 1 and 2	3		
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5		
6 Credits/Payments:			
a 2005 estimated tax payments and 2004 overpayment credited to 2005 — 6a			
b Exempt foreign organizations—tax withheld at source — 6b			
c Tax paid with application for extension of time to file (Form 8868) — 6c			
d Backup withholding erroneously withheld — 6d			
7 Total credits and payments. Add lines 6a through 6d	7		
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9		
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10		
11 Enter the amount of line 10 to be: **Credited to 2006 estimated tax** ▶ **Refunded** ▶	11		

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		
*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.*			
c Did the organization file **Form 1120-POL** for this year?	1c		
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the organization. ▶ $ ______ **(2)** On organization managers. ▶ $ ______			
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ $ ______			
2 Has the organization engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		
4a Did the organization have unrelated business gross income of $1,000 or more during the year?	4a		
b If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6		
7 Did the organization have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7		
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶			
b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b		
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? *If "Yes," complete Part XIV*	9		
10 Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses.*	10		
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application?	11		

Web site address ▶ ....

12 The books are in care of ▶ .... Telephone no. ▶ ....

Located at ▶ .... ZIP+4 ▶ ....

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ | 13 |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies. | Yes | No

1a During the year did the organization (either directly or indirectly):

(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ **Yes** ☐ **No**

(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ **Yes** ☐ **No**

(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ **Yes** ☐ **No**

(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ **Yes** ☐ **No**

(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ **Yes** ☐ **No**

(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ **Yes** ☐ **No**

b If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? **1b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005? **1c**

2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):

a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? ☐ **Yes** ☐ **No**

If "Yes," list the years ▶ 20..... , 20..... , 20..... , 20.....

b Are there any years listed in 2a for which the organization is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 20 of the instructions.) **2b**

c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here.

▶ 20.... , 20.... , 20.... , 20.....

3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ **Yes** ☐ **No**

b If "Yes," did it have excess business holdings in 2005 as a result of **(1)** any purchase by the organization or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2005.)* **3b**

4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? **4a**

b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005? **4b**

5a During the year did the organization pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ **Yes** ☐ **No**

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ **Yes** ☐ **No**

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ **Yes** ☐ **No**

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ **Yes** ☐ **No**

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ **Yes** ☐ **No**

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ **Yes** ☐ **No**

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ **Yes** ☐ **No**

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b**

If you answered "Yes" to 6b, also file Form 8870.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

Total number of other employees paid over $50,000 . . . . ▶

3 Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation

Total number of others receiving over $50,000 for professional services . . . . ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1	
2	
All other program-related investments. See page 22 of the instructions.	
3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see page 23 of the instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	
6	**Minimum investment return.** Enter 5% of line 5	6	

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2005 from Part VI, line 5 2a		
b	Income tax for 2005. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see page 24 of the instructions)	6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see page 24 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	
5	Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	

Note: *The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.*

Part XIII Undistributed Income (see page 24 of the instructions)

		(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1	Distributable amount for 2005 from Part XI, line 7				
2	Undistributed income, if any, as of the end of 2004:				
a	Enter amount for 2004 only				
b	Total for prior years: 20 ___ ,20 ___ ,20 ___				
3	Excess distributions carryover, if any, to 2005:				
a	From 2000				
b	From 2001				
c	From 2002				
d	From 2003				
e	From 2004				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2005 from Part XII, line 4: ► $ ______				
a	Applied to 2004, but not more than line 2a				
b	Applied to undistributed income of prior years (Election required—see page 25 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 25 of the instructions)				
d	Applied to 2005 distributable amount				
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2005 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions				
e	Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions				
f	Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8	Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)				
9	**Excess distributions carryover to 2006.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2001				
b	Excess from 2002				
c	Excess from 2003				
d	Excess from 2004				
e	Excess from 2005				

Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			**(e)** Total
	(a) 2005	**(b)** 2004	**(c)** 2003	**(d)** 2002	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: **a** "Assets" alternative test—enter: **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ⅔ of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see page 26 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
Total . . . . ▶ **3a**				
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 26 of the instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities . . .					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events . . .					
10 Gross profit or (loss) from sales of inventory .					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e) . . .					

13 **Total.** Add line 12, columns (b), (d), and (e) . . . . 13 ______

(See worksheet in line 13 instructions on page 27 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See page 27 of the instructions.)

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(1) Cash	1a(1)		
(2) Other assets	1a(2)		
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1b(1)		
(2) Purchases of assets from a noncharitable exempt organization	1b(2)		
(3) Rental of facilities, equipment, or other assets	1b(3)		
(4) Reimbursement arrangements	1b(4)		
(5) Loans or loan guarantees	1b(5)		
(6) Performance of services or membership or fundraising solicitations	1b(6)		
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no.	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☐ No

b If "Yes," complete the following schedule.

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ► ☐	Preparer's SSN or PTIN (See **Signature** on page 28 of the instructions.)
Firm's name (or yours if self-employed), address, and ZIP code		EIN ►	
		Phone no. ( )	

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2005 or other tax year beginning ...., 2005, and ending ...., 20 ....
▶ See separate instructions.

OMB No. 1545-0687

2005

A ☐ Check box if address changed

B Exempt under section
☐ 501( ) ( )
☐ 408(e) ☐ 220(e)
☐ 408A ☐ 530(a)
☐ 529(a)

C Book value of all assets at end of year

Print or Type

Name of organization (☐ Check box if name changed and see instructions.)

Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)

City or town, state, and ZIP code

D Employer identification number (Employees' trust, see instructions for Block D on page 7.)

E New unrelated bus. activity codes (See instructions for Block E on page 7.)

F Group exemption number (See instructions for Block F on page 7.) ▶

G Check organization type ▶ ☐ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trust

H Describe the organization's primary unrelated business activity. ▶

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ ☐ Yes ☐ No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ Telephone number ▶ ( )

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances ______ c Balance ▶	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5			
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See page 9 of the instructions—attach schedule.)	12			
13	**Total.** Combine lines 3 through 12	13			

Part II Deductions Not Taken Elsewhere (See page 9 of the instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (See page 11 of the instructions for limitation rules.)	20	
21	Depreciation (attach Form 4562) ... 21		
22	Less depreciation claimed on Schedule A and elsewhere on return ... 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	**Total deductions.** Add lines 14 through 28	29	
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	
31	Net operating loss deduction (limited to the amount on line 30)	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	
33	Specific deduction (Generally $1,000, but see line 33 instructions for exceptions.)	33	
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 13. Controlled group members (sections 1561 and 1563)—check here ☐. **See instructions** and:

a Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order):
(1) $ **(2)** $ **(3)** $

b Enter organization's share of: **(1)** Additional 5% tax (not more than $11,750) $
(2) Additional 3% tax (not more than $100,000) $

c Income tax on the amount on line 34 ▶ **35c**

36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 14. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶ **36**

37 Proxy tax. See page 14 of the instructions ▶ **37**

38 Alternative minimum tax **38**

39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies **39**

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) **40a**

b Other credits (See page 14 of the instructions.) **40b**

c General business credit—Check here and indicate which forms are attached:
☐ Form 3800 ☐ Form(s) (specify) ▶ **40c**

d Credit for prior year minimum tax (attach Form 8801 or 8827) **40d**

e **Total credits.** Add lines 40a through 40d **40e**

41 Subtract line 40e from line 39 **41**

42 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule) **42**

43 **Total tax.** Add lines 41 and 42 **43**

44a Payments: A 2004 overpayment credited to 2005 **44a**

b 2005 estimated tax payments **44b**

c Tax deposited with Form 8868 **44c**

d Foreign organizations—Tax paid or withheld at source (see instructions) **44d**

e Backup withholding (see instructions) **44e**

f Other credits and payments: ☐ Form 2439 ______
☐ Form 4136 ______ ☐ Other ______ Total ▶ **44f**

45 **Total payments.** Add lines 44a through 44f **45**

46 Estimated tax penalty (See page 4 of the instructions.) Check ▶ ☐ if Form 2220 is attached **46**

47 **Tax due.** If line 45 is less than the total of lines 43 and 46, enter amount owed ▶ **47**

48 **Overpayment.** If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶ **48**

49 Enter the amount of line 48 you want: **Credited to 2006 estimated tax** ▶ **Refunded** ▶ **49**

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 16.)

		Yes	No
1	At any time during the 2005 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," the organization may have to file Form TD F 90-22.1. If "Yes," enter the name of the foreign country here ▶		
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 5 of the instructions for other forms the organization may have to file.		
3	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation ▶

1	Inventory at beginning of year	1		6	Inventory at end of year	6
2	Purchases	2		7	**Cost of goods sold.** Subtract line 6 from line 5. Enter here and in Part I, line 2	7
3	Cost of labor	3				
4a	Additional section 263A costs (attach schedule)	4a		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes / No
b	Other costs (attach schedule)	4b				
5	**Total.** Add lines 1 through 4b	5				

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer ▶ Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code ▶		EIN	
		Phone no. ( )	

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(See instructions on page 17.)

1 Description of property
(1)
(2)
(3)
(4)

2 Rent received or accrued		3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	**(b)** From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total	Total	
Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) . . . ▶		**Total deductions.** Enter here and on page 1, Part I, line 6, column (B) . . . ▶

Schedule E—Unrelated Debt-Financed Income (See instructions on page 17.)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach schedule)	**(b)** Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 × column 6)	8 Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals . . . . ▶				
Total dividends-received deductions included in column 8 . . . . ▶				

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 18.)

1 Name of Controlled Organization	2 Employer Identification Number	Exempt Controlled Organizations			
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column (4) that is included in the controlling organization's gross income	6 Deductions directly connected with income in column (5)
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column (9) that is included in the controlling organization's gross income	11 Deductions directly connected with income in column (10)
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
Totals . . . . ▶				

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

(See instructions on page 19.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals . . . . ▶	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

(See instructions on page 19.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals . . . . ▶	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (See instructions on page 19.)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) . ▶						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1)						
(2)						
(3)						
(4)						
(5) **Totals from Part I**						
Totals, Part II (lines 1-5) . . . . ▶	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

Schedule K—Compensation of Officers, Directors, and Trustees (See instructions on page 20.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14 . . . . ▶			

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2005 or other tax year beginning ...., 2005, and ending ...., 20 ....
▶ See separate instructions.

OMB No. 1545-0687

2005

A ☐ Check box if address changed

B Exempt under section
☐ 501( ) ( )
☐ 408(e) ☐ 220(e)
☐ 408A ☐ 530(a)
☐ 529(a)

C Book value of all assets at end of year

Print or Type

Name of organization (☐ Check box if name changed and see instructions.)

Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)

City or town, state, and ZIP code

D Employer identification number (Employees' trust, see instructions for Block D on page 7.)

E New unrelated bus. activity codes (See instructions for Block E on page 7.)

F Group exemption number (See instructions for Block F on page 7.) ▶

G Check organization type ▶ ☐ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trust

H Describe the organization's primary unrelated business activity. ▶

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . ▶ ☐ Yes ☐ No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ Telephone number ▶ ( )

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances	**c** Balance ▶ 1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5			
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See page 9 of the instructions—attach schedule.)	12			
13	**Total.** Combine lines 3 through 12	13			

Part II Deductions Not Taken Elsewhere (See page 9 of the instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (See page 11 of the instructions for limitation rules.)	20	
21	Depreciation (attach Form 4562) ... 21		
22	Less depreciation claimed on Schedule A and elsewhere on return ... 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	**Total deductions.** Add lines 14 through 28	29	
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	
31	Net operating loss deduction (limited to the amount on line 30)	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	
33	Specific deduction (Generally $1,000, but see line 33 instructions for exceptions.)	33	
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	

Part III Tax Computation

35	**Organizations Taxable as Corporations.** See instructions for tax computation on page 13. Controlled group members (sections 1561 and 1563)—check here ☐. **See instructions** and:		
a	Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): **(1)** $ **(2)** $ **(3)** $		
b	Enter organization's share of: **(1)** Additional 5% tax (not more than $11,750) $ **(2)** Additional 3% tax (not more than $100,000) $		
c	Income tax on the amount on line 34 ▶	35c	
36	**Trusts Taxable at Trust Rates.** See instructions for tax computation on page 14. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶	36	
37	**Proxy tax.** See page 14 of the instructions ▶	37	
38	Alternative minimum tax	38	
39	**Total.** Add lines 37 and 38 to line 35c or 36, whichever applies	39	

Part IV Tax and Payments

40a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b	Other credits (See page 14 of the instructions.)	40b			
c	General business credit—Check here and indicate which forms are attached: ☐ Form 3800 ☐ Form(s) (specify) ▶	40c			
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e	**Total credits.** Add lines 40a through 40d			40e	
41	Subtract line 40e from line 39			41	
42	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			42	
43	**Total tax.** Add lines 41 and 42			43	
44a	Payments: A 2004 overpayment credited to 2005	44a			
b	2005 estimated tax payments	44b			
c	Tax deposited with Form 8868	44c			
d	Foreign organizations—Tax paid or withheld at source (see instructions)	44d			
e	Backup withholding (see instructions)	44e			
f	Other credits and payments: ☐ Form 2439 ____ ☐ Form 4136 ____ ☐ Other ____ Total ▶	44f			
45	**Total payments.** Add lines 44a through 44f			45	
46	Estimated tax penalty (See page 4 of the instructions.) Check ▶ ☐ if Form 2220 is attached			46	
47	**Tax due.** If line 45 is less than the total of lines 43 and 46, enter amount owed ▶			47	
48	**Overpayment.** If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶			48	
49	Enter the amount of line 48 you want: **Credited to 2006 estimated tax** ▶		**Refunded** ▶	49	

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 16.)

		Yes	No
1	At any time during the 2005 calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," the organization may have to file Form TD F 90-22.1. If "Yes," enter the name of the foreign country here ▶		
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 5 of the instructions for other forms the organization may have to file.		
3	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation ▶

1	Inventory at beginning of year	1		6	Inventory at end of year	6	
2	Purchases	2		7	**Cost of goods sold.** Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3	Cost of labor	3					
4a	Additional section 263A costs (attach schedule)	4a		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
b	Other costs (attach schedule)	4b					
5	**Total.** Add lines 1 through 4b	5					

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code ▶		EIN	
		Phone no. ( )	

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(See instructions on page 17.)

1 Description of property
(1)
(2)
(3)
(4)

2 Rent received or accrued		3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total	Total	
Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) . . . ▶		**Total deductions.** Enter here and on page 1, Part I, line 6, column (B) . . . ▶

Schedule E—Unrelated Debt-Financed Income (See instructions on page 17.)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property: (a) Straight line depreciation (attach schedule)	3 (b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 × column 6)	8 Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals . . . . ▶			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Total dividends-received deductions included in column 8 . . . . ▶				

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 18.)

1 Name of Controlled Organization	2 Employer Identification Number	Exempt Controlled Organizations: 3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column (4) that is included in the controlling organization's gross income	6 Deductions directly connected with income in column (5)
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column (9) that is included in the controlling organization's gross income	11 Deductions directly connected with income in column (10)
(1)				
(2)				
(3)				
(4)				
Totals . . . . ▶			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

(See instructions on page 19.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals . . . . ▶	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

(See instructions on page 19.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals . . . . ▶	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (See instructions on page 19.)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) . ▶						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1)						
(2)						
(3)						
(4)						
(5) **Totals from Part I**						
Totals, Part II (lines 1-5) . . . . ▶	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

Schedule K—Compensation of Officers, Directors, and Trustees (See instructions on page 20.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14 . . . . ▶			

Form **990-W** (WORKSHEET)

Department of the Treasury
Internal Revenue Service

Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations

(and on Investment Income for Private Foundations)

(Keep for your records. *Do not* send to the Internal Revenue Service.)

OMB No. 1545-0976

2006

1	Unrelated business taxable income expected in the tax year	1	
2	**Tax on the amount on line 1.** (See instructions for tax computation.)	2	
3	Alternative minimum tax (see instructions)	3	
4	Total. Add lines 2 and 3	4	
5	Estimated tax credits (see instructions)	5	
6	Balance. Subtract line 5 from line 4	6	
7	Other taxes (see instructions)	7	
8	Total. Add lines 6 and 7	8	
9	Credit for federal tax paid on fuels (see instructions)	9	
10a	Subtract line 9 from line 8. **Note.** *If less than $500, the organization is not required to make estimated tax payments.* (Private foundations, see instructions.) 10a		
b	Enter the tax shown on the 2005 return (see instructions). (**Caution.** ***If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c***) 10b		
c	**2006 Estimated Tax.** Enter the smaller of line 10a or line 10b. If the organization is required to skip line 10b, enter the amount from line 10a on line 10c.	10c	

			(a)	(b)	(c)	(d)
11	**Installment due dates** (see instructions)	11				
12	**Required installments.** Enter 25% of line 10c in columns **(a)** through **(d)** unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a “large organization” (see instructions)	12				
13	**2005 Overpayment** (see instructions)	13				
14	**Payment due.** (Subtract line 13 from line 12.)	14				

For Paperwork Reduction Act Notice, see the instructions on page 6. Cat. No. 63726T

Schedule A Required Installments Using the Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e).

Note. *See the instructions for Schedule A. An organization that expects its income to vary during the year may want to complete Schedule A to determine whether it may be able to lower the amount of one or more required installments.*

Complete each column of this schedule in its entirety before going to the next column.

Part I—Annualized Income Installment Method		**(a)**	**(b)**	**(c)**	**(d)**
1 Annualization period (see instructions)	1	First ____ months	First ____ months	First ____ months	First ____ months
2 Enter taxable income for each annualization period (see instructions)	2				
3 Annualization amounts (see instructions)	3				
4 Annualized taxable income. Multiply line 2 by line 3.	4				
5 Figure the tax on the amount in each column on line 4 in the same manner as you figured line 2, Form 990-W.	5				
6 Enter alternative minimum tax and other taxes for each annualization period (see instructions)	6				
7 Total tax. Add lines 5 and 6.	7				
8 For each period, enter the same type of credits as allowed on Form 990-W, lines 5 and 9 (see instructions)	8				
9 Total tax after credits. Subtract line 8 from line 7. If less than zero, enter -0-.	9				
10 Applicable percentage.	10	25%	50%	75%	100%
11 Multiply line 9 by line 10.	11				
12 Total of all preceding columns of line 40 (see instructions)	12				
13 **Annualized income installments.** Subtract line 12 from line 11. If zero or less, enter -0-.	13				

Part II—Adjusted Seasonal Installment Method (**Caution.** *Use this method only if the base period percentage for any 6 consecutive months is at least 70%. See the instructions for Schedule A, Part II for more information.*)

		(a)	**(b)**	**(c)**	**(d)**
14 Enter taxable income for the following periods:		First 3 months	First 5 months	First 8 months	First 11 months
a Tax year beginning in 2003	14a				
b Tax year beginning in 2004	14b				
c Tax year beginning in 2005	14c				
15 Enter taxable income for each period for the tax year beginning in 2006.	15				
16 Enter taxable income for the following periods:		First 4* months	First 6 months	First 9 months	Entire year
a Tax year beginning in 2003	16a				
b Tax year beginning in 2004	16b				
c Tax year beginning in 2005	16c				
17 Divide the amount in each column on line 14a by the amount on line 16a, column (d).	17				
18 Divide the amount in each column on line 14b by the amount on line 16b, column (d).	18				
19 Divide the amount in each column on line 14c by the amount on line 16c, column (d).	19				

*First 5 months for private foundations.

			(a) First 4 months	(b) First 6 months	(c) First 9 months	(d) Entire year
20	Add lines 17 through 19.	20				
21	Divide line 20 by 3.	21				
22	Divide line 15 by line 21.	22				
23	Figure the tax on the amount on line 22 in the same manner as figured on Form 990-W, line 2.	23				
24	Divide the amount on line 16a, columns (a) through (c) by the amount on line 16a, column (d).	24				
25	Divide the amount on line 16b, columns (a) through (c) by the amount on line 16b, column (d).	25				
26	Divide the amount on line 16c, columns (a) through (c) by the amount on line 16c, column (d).	26				
27	Add lines 24 through 26.	27				
28	Divide line 27 by 3.	28				
29	Multiply line 23, columns (a) through (c) by line 28, columns (a) through (c). In column (d), enter the amount from line 23, column (d).	29				
30	Enter any alternative minimum tax and other taxes for each payment period (see instructions)	30				
31	Total tax. Add lines 29 and 30.	31				
32	For each period, enter the same type of credits as allowed on Form 990-W, lines 5 and 9 (see instructions)	32				
33	Total tax after credits. Subtract line 32 from line 31. If zero or less, enter -0-.	33				
34	Total of all preceding columns of line 40 (see instructions)	34				
35	**Adjusted seasonal installments.** Subtract line 34 from line 33. If zero or less, enter -0-.	35				

Part III—Required Installments

			(a) 1st installment	(b) 2nd installment	(c) 3rd installment	(d) 4th installment
36	If only one of the above parts was completed, enter the amounts in each column from line 13 or line 35. (If both parts were completed, enter the smaller of the amounts in each column from line 13 or line 35.)	36				
37	Divide line 10c, page 1 of Form 990-W, by 4 and enter the result in each column. (**Note.** *Large organizations, see instructions for line 12 on page 5 for the amount to enter.)*	37				
38	Subtract line 40 of the preceding column from line 39 of the preceding column and enter here.	38				
39	Add lines 37 and 38.	39				
40	**Required installments.** Enter the smaller of line 36 or line 39 here and on Form 990-W, line 12, page 1.	40				

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Who Must Make Estimated Tax Payments

Tax-exempt corporations, tax-exempt trusts, and domestic private foundations must make estimated tax payments if the total expected tax for the tax year (line 10a) is $500 or more. Use Form 990-W to figure the organization's estimated tax liability for 2006.

When To Make Estimated Tax Payments For 2006

For a calendar or fiscal year organization, the payments are due by the 15th day of the 4th (the 5th month for private foundations), 6th, 9th, and 12th months of the tax year. For a calendar year organization, the payments are due by April 17, June 15, September 15, and December 15, 2006, except that for a calendar year private foundation, the first payment is due on May 15.

Underpayment of Estimated Tax

An organization that does not pay the estimated tax when due may be charged an underpayment penalty under section 6655, at a rate determined under section 6621(a)(2).

Overpayment of Estimated Tax

A corporation that has overpaid its estimated tax may apply for a "quick refund" if the overpayment is at least 10% of its expected income tax liability for the year and is at least $500. To apply, file Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, after the end of the tax year and before the corporation files its income tax return. Form 4466 may not be filed after the 15th day of the 3rd month after the end of the tax year.

Depository Method of Tax Payment

See *Electronic deposit requirement* below to determine if your organization must electronically deposit all depository taxes, including the unrelated business income tax and estimated tax payments. Also, see this section if your organization wants to participate voluntarily. If your organization is not required to electronically deposit taxes or does not wish to voluntarily participate, see Form 8109, Federal Tax Deposit Coupon Book.

Electronic deposit requirement. The organization must make electronic deposits of all depository taxes (such as employment tax, excise tax, and unrelated business income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2006 if:

- The total deposits of such taxes in 2004 were more than $200,000 or
- The organization was required to use EFTPS in 2005.

If the organization is required to use EFTPS and fails to do so, it may be subject to a 10% penalty. If the organization is not required to use EFTPS, it may voluntarily participate. To enroll in or get more information about EFTPS, call 1-800-555-4477. To enroll online, visit *www.eftps.gov.*

Depositing on time. For deposits made by EFTPS to be on time, the organization must initiate the transaction at least 1 business day before the date the deposit is due.

Form 8109, Federal Tax Deposit Coupon. If the organization does not use EFTPS, deposit unrelated business income tax payments and estimated tax payments with Form 8109. If you do not have a preprinted Form 8109, use Form 8109-B to make deposits. You can get the form only by calling 1-800-829-4933. Be sure to have your employer identification number (EIN) ready when you call.

Do not send deposits directly to an IRS office; otherwise, the organization may have to pay a penalty. Mail or deliver the completed Form 8109 with the payment to an authorized depositary, that is, a commercial bank or other financial institution authorized to accept federal tax deposits.

Make checks or money orders payable to the depositary. To help ensure proper crediting, write the organization's employer identification number, the tax period to which the deposit applies, and Form 990-T (or 990-PF) on the check or money order. Darken the 990-T (or 990-PF) box on the coupon. Records of these deposits will be sent to the IRS.

For more information on deposits, see the instructions in the coupon booklet (Form 8109) and Pub. 583, Starting a Business and Keeping Records.

Refiguring Estimated Tax

If, after the organization figures and deposits estimated tax, it finds that its tax liability for the year will be more or less than originally estimated, it may have to refigure its required installments. If earlier installments were underpaid, the organization may owe a penalty for underpayment of estimated tax.

An immediate "catch-up" payment should be made to reduce the amount of any penalty resulting from the underpayment of any earlier installments, whether caused by a change in estimate, failure to make a deposit, or a mistake.

Specific Instructions

Private foundations. Private foundations required to make estimated tax payments for both the excise tax based on investment income and unrelated business income tax must use two Forms 8109 to deposit the taxes and should also use two Forms 990-W to figure the estimated taxes. Private foundations figuring estimated tax for the excise tax based on investment income should skip lines 1 through 9. See the Instructions for Form 990-PF, *O. Figuring and Paying Estimated Tax,* for information on figuring the excise tax based on investment income.

All organizations. See Form 990-T, Exempt Organization Business Income Tax Return, and its instructions for information on figuring unrelated business income, deductions, and credits for purposes of completing Form 990-W.

Proxy tax. For purposes of Form 990-W, the estimated tax does not include the proxy tax imposed by section 6033(e).

Line 2—Corporations

A corporation figures its tax on the amount on line 1, Form 990-W, using the *2006 Tax Computation for Corporations* on page 5 (members of a controlled group should see the instructions below).

Members of a controlled group. Enter on line 2 of the *2006 Tax Computation for Corporations Worksheet*, the smaller of the amount on line 1 or their share of the $50,000 amount. Enter on line 4 the smaller of the amount on line 3 or their share of the $25,000 amount. Enter on line 6 the smaller of the amount on line 5 or their share of the $9,925,000 amount.

If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore, both corporation A and corporation B are entitled to $25,000 (one-half of $50,000) in the $50,000 taxable income bracket, $12,500 (one-half of $25,000) in the $25,000 taxable income bracket, and $4,962,500 (one-half of $9,925,000) in the $9,925,000 taxable income bracket.

Members of a controlled group may elect an unequal apportionment plan and divide the amounts in each taxable income bracket in any way they want. They need not divide each taxable income bracket in the same way. For example, if controlled group AB above elects an unequal apportionment plan, any member of the controlled group may be entitled to all, some, or none of the $50,000 amount in the first taxable income bracket, as long as the total for all members of the controlled group is not more than $50,000. Similarly, any member may be entitled to all, some, or none of the $25,000 amount in the second taxable income bracket, and the $9,925,000 amount in the third taxable income bracket, as long as the total for all members of the controlled group is not more than the bracket amount.

Members of a controlled group are treated as one corporation to figure the additional 5% tax that must be paid by corporations with taxable income in excess of $100,000 and the additional 3% tax that must be paid by corporations with taxable income in excess of $15 million. If an additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member must enter its share of the additional 5% tax on line 12 of the *2006 Tax Computation for Corporations,* and its share of the 3% tax on line 13.

2006 Tax Computation for Corporations

1.	Enter taxable income (line 1, Form 990-W)	1	
2.	Enter the smaller of line 1 or $50,000 (members of a controlled group, see instructions)	2	
3.	Subtract line 2 from line 1	3	
4.	Enter the smaller of line 3 or $25,000 (members of a controlled group, see instructions)	4	
5.	Subtract line 4 from line 3	5	
6.	Enter the smaller of line 5 or $9,925,000 (members of a controlled group, see instructions)	6	
7.	Subtract line 6 from line 5	7	
8.	Enter 15% (.15) of line 2	8	
9.	Enter 25% (.25) of line 4	9	
10.	Enter 34% (.34) of line 6	10	
11.	Enter 35% (.35) of line 7	11	
12.	If line 1 is greater than $100,000, enter the **smaller** of 5% (.05) of the excess over $100,000 or $11,750 (members of a controlled group, see instructions)	12	
13.	If line 1 is greater than $15 million, enter the **smaller** of 3% (.03) of the excess over $15 million or $100,000 (members of a controlled group, see instructions)	13	
14.	Total of lines 8 through 13. Enter this amount on line 2, page 1, Form 990-W	14	

Line 2—Trusts

Trusts exempt under section 501(a) and employees' trusts that qualify under section 401(a) are taxed at trust rates. A trust figures the tax on the amount on line 1 using the *2006 Tax Rate Schedule for Trusts* (below). If you expect a net long-term capital gain and a net capital gain, you may use the *2006 Tax Computation Worksheet Using Maximum Capital Gains Rates* found in Form 1041-ES.

2006 Tax Rate Schedule for Trusts
(Section 1(e) of the Internal Revenue Code)

If the amount on line 1, page 1 is: Over—	But not over—	Enter on line 2, page 1:	Of the amount over—
$0	2,050	15%	$0.00
2,050	4,850	$307.50 + 25%	2,050
4,850	7,400	1,007.50 + 28%	4,850
7,400	10,050	1,721.00 + 33%	7,400
10,050	------	2,596.00 + 35%	10,050

Line 3

Alternative minimum tax (AMT) is generally the excess of tentative minimum tax over regular tax. Corporations, see Form 4626, Alternative Minimum Tax—Corporations, for details. Trusts, see Schedule I of Form 1041, U.S. Income Tax Return for Estates and Trusts.

Line 5

The estimated tax credits include the sum of any credits allowable against unrelated business income tax (except the credits reported on line 9). See Form 990-T and its instructions for information on the credits that may be taken.

Line 7

Other taxes include the sum of any recaptured tax credits. See Form 990-T and its instructions for information on recapture of tax credits that must be included on this line.

Line 9

Complete Form 4136, Credit for Federal Tax Paid on Fuels, if the organization qualifies to take this credit. Also include on line 9 any credit the organization is claiming under section 4682(g) for taxes paid on chemicals used as propellants in metered-dose inhalers.

Line 10a

Subtract line 9 from line 8. Private foundations figure the estimated tax by multiplying their estimated net investment income by the tax rate (1% or 2%, whichever applies). Taxable private foundations and nonexempt charitable trusts treated as private foundations, see *O. Figuring and Paying Estimated Tax* and *Part VI—Excise Tax Based on Investment Income* in the Instructions for Form 990-PF, for help in figuring the estimated tax. Enter that amount on line 10a. See Part VI of Form 990-PF.

Note. *If less than $500, the organization is not required to make estimated tax payments.*

Line 10b

Figure the organization's 2005 tax the same way you figured line 10a of this worksheet, using the taxes and credits from your 2005 tax return. If you did not file a return showing a liability for at least some amount of tax for the 2005 tax year, or if your 2005 tax year was less than 12 months, do not complete this line. Instead, enter the amount from line 10a on line 10c. "Large organizations" see the instructions for line 12 below.

Line 11

Calendar year taxpayers. Enter 4-17-2006 (5-15-2006 for private foundations), 6-15-2006, 9-15-2006, and 12-15-2006, respectively, in columns (a) through (d).

Fiscal year taxpayers. Enter the 15th day of the 4th (5th for private foundations), 6th, 9th, and 12th months of your tax year in columns (a) through (d). If any date falls on a Saturday, Sunday, or legal holiday, substitute the next business day.

Line 12

Annualized income installment method and/or adjusted seasonal installment method. If the organization's income is expected to vary during the year because, for example, it operates its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income installment method and/or the adjusted seasonal installment method. For example, a shop operated by a museum, which because of its location in an area frequented by tourists receives most of its income during the summer months, may be able to benefit from using one or both of these methods in figuring one or more of its required installments.

To use one or both of these methods, complete Schedule A on pages 2 and 3. If you use Schedule A for any payment date, you must use it for all payment due dates. To arrive at the amount of each required installment, Schedule A selects the smallest of: (a) the annualized income installment (if applicable), (b) the adjusted seasonal installment (if applicable), or (c) the regular installment under section 6655(d)(1) (increased by any reduction recapture under section 6655(e)(1)(B)).

Large organization. A "large organization" is any tax-exempt corporation or other organization subject to the tax on unrelated business income or any private foundation subject to the section 4940 tax that had, or whose predecessor had, taxable income (net investment income for purposes of the section 4940 tax) of $1 million or more for any of the 3 tax years immediately preceding the 2006 tax year. For this purpose, taxable income is modified to exclude net operating loss and capital loss carrybacks or carryovers. Members of a controlled group, as defined in section 1563, must divide the $1 million amount among themselves in accordance with rules similar to those in section 1561. For more details, see sections 6655(g)(2) and (3).

If Schedule A is not used, use the following instructions to figure the amounts to enter on line 12. (If you are using Schedule A, these instructions apply to line 37 of Schedule A.)

- If line 10a is smaller than line 10b: Enter 25% (.25) of line 10a in columns (a) through (d) of line 12.
- If line 10b is smaller than line 10a: In column (a) of line 12, enter 25% (.25) of line 10b. In column (b), determine the amount to enter by: (i) subtracting line 10b from line 10a, (ii) adding the result to the amount on line 10a, and (iii) multiplying the total by 25% (.25). In columns (c) and (d), enter 25% (.25) of line 10a.

Line 13

Enter any 2005 overpayment that the organization chose to credit against its 2006 tax. The overpayment is credited against unpaid required installments in the order in which the installments are required to be paid.

Line 14

See *Depository Method of Tax Payment* on page 4 to determine the method for making the line 14 payments.

Schedule A

If you are using only the annualized income installment method (Part I), complete Parts I and III of Schedule A. If you are using only the adjusted seasonal installment method (Part II), complete Parts II and III. If you are using both methods, complete all three parts. Enter in each column on line 12 of page 1, Form 990-W, the amounts from the corresponding column of line 40 of Schedule A.

CAUTION *Do not figure any required installment until after the end of the month preceding the due date for that installment.*

For each part that applies to you, complete each column in its entirety before going to the next column. For example, if Parts I and III are required, complete column (a), lines 1 through 13, and lines 36 through 40, before starting column (b).

Part I—Annualized Income Installment Method

Line 1

Enter on line 1, in columns (a) through (d), respectively, the annualization period that the organization is using, based on the options described below. You may elect option 1 separately for each installment.

	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard Option	2	3	6	9
Option 1	2	4	7	10

Line 2

If an organization has amounts includible in income under section 936(h) (Puerto Rico and possessions tax credits) or section 951(a) (controlled foreign corporation income), special rules apply.

Organizations must take income (and allocable credits) under section 936(h) or 951(a) into account as the income is earned. The amounts are figured in a manner similar to the way partnership income inclusions (and allocable credits) are taken into account to figure a partner's annualized income installments as provided in Regulations section 1.6654-2(d)(2).

Safe harbor election. Organizations may be able to make a prior year safe harbor election. Under the election, an eligible organization is treated as having received ratably during the tax year, items of income under sections 936(h) and 951(a) (and allocable credits) equal to a specified percentage of the amounts shown on the organization's return for the first preceding tax year (the second preceding tax year for the first and second required installments).

For more information, see section 6655(e)(4) and Rev. Proc. 95-23, 1995-1 C.B. 693.

Line 3

Enter on line 3, in columns (a) through (d), respectively, the annualization amounts for the option used for line 1.

	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard Option	6	4	2	1.33333
Option 1	6	3	1.71429	1.2

Line 6

For the same taxes used to figure lines 3 and 7 of Form 990-W, figure the amounts for the months shown on line 1.

Tax-exempt corporations that are not exempt from the alternative minimum tax figure the tax by first computing alternative minimum taxable income under section 55, based on the corporation's income and deductions for the annualization period entered in each column in line 1. Then multiply the alternative minimum taxable income by the annualization amounts (line 3) used to figure annualized taxable income. Subtract the exemption amount under section 55(d)(2).

Line 8

Enter the credits to which the organization is entitled for the months shown in each column on line 1.

Line 12

In column (b), enter the amount from Part III, line 40, column (a), page 3. In column (c), enter the sum of the amounts in line 40, columns (a) and (b). In column (d), enter the sum of the amounts in line 40, columns (a), (b), and (c).

Part II—Adjusted Seasonal Installment Method

The adjusted seasonal installment method is used by organizations that normally receive their taxable income on a seasonal basis. Therefore, Part II is only used by organizations whose "base period percentage" for any 6 consecutive months equals or exceeds 70% (.70). Figure the base period percentage using the 6-month period in which the organization normally receives the largest part of its taxable income. Divide the taxable income for the corresponding 6-month period in each of the 3 preceding tax years by the taxable income for each of these years. The following example explains the computation.

Example. A tax-exempt organization that has a calendar year as its tax year receives the largest part of its unrelated business taxable income during the 6-month period from May through October. To figure its base period percentage for the period May through October 2006, the organization must figure its taxable income for the period May through October in each of the years 2003, 2004, and 2005. The taxable income for each May-through-October period is then divided by the total taxable income for the tax year in which the period is included, resulting in the following: 69% for May through October 2003; 74% for May through October 2004; and 67% for May through October 2005. The average of 69%, 74%, and 67% is 70%. Therefore, the base period percentage for May through October 2006 is 70% and the organization qualifies for the adjusted seasonal installment method.

Line 30

For the same taxes used to figure lines 3 and 7 of Form 990-W, figure the amounts for the months shown in the column headings above line 14.

Tax-exempt corporations that are not exempt from the alternative minimum tax figure the tax by first computing alternative minimum taxable income under section 55, based on the organization's income and deductions during the months shown in the column headings above line 14 of Part II. Divide the alternative minimum taxable income by the amounts shown on line 21. Subtract the exemption amount under section 55(d)(2). For columns (a) through (c) only, multiply the alternative minimum tax by the amounts shown on line 28.

Line 32

Enter the credits to which you are entitled because of events that occurred during the months shown in the column headings above line 14 of Part II.

Line 34

In column (b), enter the amount from Part III, line 40, column (a), page 3. In column (c), enter the sum of the amounts in line 40, columns (a) and (b). In column (d), enter the sum of the amounts in line 40, columns (a), (b), and (c).

Paperwork Reduction Act Notice. This form is optional. It is provided only to help you determine your estimated tax liability.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing the form
Form 990-W	10 hr., 2 min.	1 hr., 40 min.	1 hr., 55 min.
Form 990-W, Sch. A (Pt. I)	11 hr., 14 min.	42 min.	54 min.
Form 990-W, Sch. A (Pt. II)	23 hr., 26 min.	12 min.	35 min.
Form 990-W, Sch. A (Pt. III)	4 hr., 32 min.	- - - -	4 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, keep the form for your records.

Form **4720**

Department of the Treasury
Internal Revenue Service

Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code

(Sections 170(f)(10), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, and 4958)
► See separate instructions.

OMB No. 1545-0052

2005

For calendar year 2005 or other tax year beginning 2005, and ending 20

Name of foundation or public charity	Employer identification number
Number, street, and room or suite no. (or P.O. box if mail is not delivered to street address)	Check box for type of annual return: ☐ Form 990 ☐ Form 990-EZ ☐ Form 990-PF ☐ Form 5227
City or town, state, and ZIP code	

		Yes	No
A	Is the organization a foreign private foundation within the meaning of section 4948(b)?		
B	Has corrective action been taken on any taxable event that resulted in Chapter 42 taxes being reported on this form? (Enter "N/A" if not applicable)		

If "Yes," attach a detailed description and documentation of the corrective action taken and, if applicable, enter the fair market value of any property recovered as a result of the correction ► $ ________ . If "No," (i.e., any uncorrected acts, or transactions), attach an explanation (see page 3 of the instructions).

Part I Taxes on Organization (Sections 170(f)(10), 4911(a), 4912(a), 4942(a), 4943(a), 4944(a)(1), 4945(a)(1), and 4955(a)(1))

1	Tax on undistributed income—Schedule B, line 4	1	
2	Tax on excess business holdings—Schedule C, line 7	2	
3	Tax on investments that jeopardize charitable purpose—Schedule D, Part I, column (e)	3	
4	Tax on taxable expenditures—Schedule E, Part I, column (g)	4	
5	Tax on political expenditures—Schedule F, Part I, column (e)	5	
6	Tax on excess lobbying expenditures—Schedule G, line 4	6	
7	Tax on disqualifying lobbying expenditures—Schedule H, Part I, column (e)	7	
8	Tax on premiums paid on personal benefit contracts	8	
9	**Total** (add lines 1–8)	9	

Part II-A Taxes on Self-Dealers, Disqualified Persons, Foundation Managers, and Organization Managers (Sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), and 4958(a))

	(a) Name and address of person subject to tax	(b) Taxpayer identification number
a		
b		
c		
d		

	(c) Tax on self-dealing—Schedule A, Part II, col. (d), and Part III, col. (d)	(d) Tax on investments that jeopardize charitable purpose—Schedule D, Part II, col. (d)	(e) Tax on taxable expenditures—Schedule E, Part II, col. (d)	(f) Tax on political expenditures—Schedule F, Part II, col. (d)
a				
b				
c				
d				
Total				

	(g) Tax on disqualifying lobbying expenditures—Schedule H, Part II, col. (d)	(h) Tax on excess benefit transactions—Schedule I, Part II, col. (d), and Part III, col. (d)	(i) Total—Add cols. (c) through (h)
a			
b			
c			
d			
Total			

Part II-B Summary of Taxes (See **Tax Payments** on page 2 of the instructions.)

1	Enter the taxes listed in Part II-A, column (i), that apply to self-dealers, disqualified persons, foundation managers, and organization managers who sign this form. If all sign, enter the total amount from Part II-A, column (i)	1	
2	**Total tax.** Add Part I, line 9, and Part II-B, line 1. (Make check(s) or money order(s) payable to the United States Treasury.)	2	

SCHEDULE A—Initial Taxes on Self-Dealing (Section 4941)

Part I Acts of Self-Dealing and Tax Computation

(a) Act number	(b) Date of act	(c) Description of act
1		
2		
3		
4		
5		

(d) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the act	(e) Amount involved in act	(f) Initial tax on self-dealing (5% of col. (e))	(g) Tax on foundation managers (if applicable) (lesser of $10,000 or 2½% of col. (e))

Part II Summary of Tax Liability of Self-Dealers and Proration of Payments

(a) Names of self-dealers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Self-dealer's total tax liability (add amounts in col. (c)) (see page 4 of the instructions)

Part III Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 4 of the instructions)

SCHEDULE B—Initial Tax on Undistributed Income (Section 4942)

1	Undistributed income for years before 2004 (from Form 990-PF for 2005, Part XIII, line 6d)	1	
2	Undistributed income for 2004 (from Form 990-PF for 2005, Part XIII, line 6e)	2	
3	Total undistributed income at end of current tax year beginning in 2005 and subject to tax under section 4942 (add lines 1 and 2)	3	
4	**Tax—**Enter 15% of line 3 here and on page 1, Part I, line 1	4	

SCHEDULE C—Initial Tax on Excess Business Holdings (Section 4943)

Business Holdings and Computation of Tax

If you have taxable excess holdings in more than one business enterprise, attach a separate schedule for each enterprise. Refer to the instructions on page 4 for each line item before making any entries.

Name and address of business enterprise

Employer identification number . . . . ▶

Form of enterprise (corporation, partnership, trust, joint venture, sole proprietorship, etc.) . ▶

		(a) Voting stock (profits interest or beneficial interest)	(b) Value	(c) Nonvoting stock (capital interest)
1 Foundation holdings in business enterprise .	1	%	%	
2 Permitted holdings in business enterprise .	2	%	%	
3 Value of excess holdings in business enterprise	3			
4 Value of excess holdings disposed of within 90 days; or, other value of excess holdings not subject to section 4943 tax (attach explanation)	4			
5 Taxable excess holdings in business enterprise—line 3 minus line 4	5			
6 Tax—Enter 5% of line 5	6			
7 **Total tax—**Add amounts on line 6, columns (a), (b), and (c); enter total here and on page 1, Part I, line 2	7			

SCHEDULE D—Initial Taxes on Investments That Jeopardize Charitable Purpose (Section 4944)

Part I Investments and Tax Computation

(a) Investment number	(b) Date of investment	(c) Description of investment	(d) Amount of investment	(e) Initial tax on foundation (5% of col. (d))	(f) Initial tax on foundation managers (if applicable)—(lesser of $5,000 or 5% of col. (d))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 3					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below . . .					

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Investment no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 6 of the instructions)

SCHEDULE E—Initial Taxes on Taxable Expenditures (Section 4945)

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Name and address of recipient	(e) Description of expenditure and purposes for which made
1				
2				
3				
4				
5				

(f) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the expenditure	(g) Initial tax imposed on foundation (10% of col. (b))	(h) Initial tax imposed on foundation managers (if applicable)—(lesser of $5,000 or 2½% of col. (b))
Total—column (g). Enter here and on page 1, Part I, line 4		
Total—column (h). Enter total (or prorated amount) here and in Part II, column (c), below		

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (h), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE F—Initial Taxes on Political Expenditures (Section 4955)

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Description of political expenditure	(e) Initial tax imposed on organization or foundation (10% of col. (b))	(f) Initial tax imposed on managers (if applicable) (lesser of $5,000 or 2½% of col. (b))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 5					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below					

Part II Summary of Tax Liability of Organization Managers or Foundation Managers and Proration of Payments

(a) Names of organization managers or foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE G—Tax on Excess Lobbying Expenditures (Section 4911)

1	Excess of grassroots expenditures over grassroots nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 43). (See page 7 of the instructions before making entry.)	1	
2	Excess of lobbying expenditures over lobbying nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 44). (See page 7 of the instructions before making entry.)	2	
3	Taxable lobbying expenditures—enter the larger of line 1 or line 2	3	
4	**Tax—**Enter 25% of line 3 here and on page 1, Part I, line 6	4	

SCHEDULE H—Taxes on Disqualifying Lobbying Expenditures (Section 4912)

Part I Expenditures and Computation of Tax

(a) Item number	**(b)** Amount	**(c)** Date paid or incurred	**(d)** Description of lobbying expenditures	**(e)** Tax imposed on organization (5% of col. (b))	**(f)** Tax imposed on organization managers (if applicable)—(5% of col. (b))
1					
2					
3					
4					
5					

Total—column (e). Enter here and on page 1, Part I, line 7

Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below

Part II Summary of Tax Liability of Organization Managers and Proration of Payments

(a) Names of organization managers liable for tax	**(b)** Item no. from Part I, col. (a)	**(c)** Tax from Part I, col. (f), or prorated amount	**(d)** Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958)

Part I Excess Benefit Transactions and Tax Computation

(a) Transaction number	**(b)** Date of transaction	**(c)** Description of transaction
1		
2		
3		
4		
5		

(d) Amount of excess benefit	**(e)** Initial tax on disqualified persons (25% of col. (d))	**(f)** Tax on organization managers (if applicable) (lesser of $10,000 or 10% of col. (d))

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958) *Continued*

Part II Summary of Tax Liability of Disqualified Persons and Proration of Payments

(a) Names of disqualified persons liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (e), or prorated amount	(d) Disqualified person's total tax liability (add amounts in col. (c)) (see page 8 of the instructions)

Part III Summary of Tax Liability of 501(c)(3) & (4) Organization Managers and Proration of Payments

(a) Names of 501(c)(3) & (4) organization managers liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 8 of the instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee | Title | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature of individual or firm preparing the return | Date

Address of preparer | ( ) Phone number of preparer

Form **4720**

Department of the Treasury
Internal Revenue Service

Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code

(Sections 170(f)(10), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, and 4958)
► See separate instructions.

OMB No. 1545-0052

2005

For calendar year 2005 or other tax year beginning , 2005, and ending , 20

Name of foundation or public charity	Employer identification number
Number, street, and room or suite no. (or P.O. box if mail is not delivered to street address)	Check box for type of annual return: ☐ Form 990 ☐ Form 990-EZ ☐ Form 990-PF
City or town, state, and ZIP code	☐ Form 5227

		Yes	No
A	Is the organization a foreign private foundation within the meaning of section 4948(b)?		
B	Has corrective action been taken on any taxable event that resulted in Chapter 42 taxes being reported on this form? (Enter "N/A" if not applicable)		

If "Yes," attach a detailed description and documentation of the corrective action taken and, if applicable, enter the fair market value of any property recovered as a result of the correction ► $ ____________ . If "No," (i.e., any uncorrected acts, or transactions), attach an explanation (see page 3 of the instructions).

Part I Taxes on Organization (Sections 170(f)(10), 4911(a), 4912(a), 4942(a), 4943(a), 4944(a)(1), 4945(a)(1), and 4955(a)(1))

1	Tax on undistributed income—Schedule B, line 4	1	
2	Tax on excess business holdings—Schedule C, line 7	2	
3	Tax on investments that jeopardize charitable purpose—Schedule D, Part I, column (e)	3	
4	Tax on taxable expenditures—Schedule E, Part I, column (g)	4	
5	Tax on political expenditures—Schedule F, Part I, column (e)	5	
6	Tax on excess lobbying expenditures—Schedule G, line 4	6	
7	Tax on disqualifying lobbying expenditures—Schedule H, Part I, column (e)	7	
8	Tax on premiums paid on personal benefit contracts	8	
9	**Total** (add lines 1–8)	9	

Part II-A Taxes on Self-Dealers, Disqualified Persons, Foundation Managers, and Organization Managers (Sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), and 4958(a))

	(a) Name and address of person subject to tax	(b) Taxpayer identification number
a		
b		
c		
d		

	(c) Tax on self-dealing—Schedule A, Part II, col. (d), and Part III, col. (d)	(d) Tax on investments that jeopardize charitable purpose—Schedule D, Part II, col. (d)	(e) Tax on taxable expenditures—Schedule E, Part II, col. (d)	(f) Tax on political expenditures—Schedule F, Part II, col. (d)
a				
b				
c				
d				
Total				

	(g) Tax on disqualifying lobbying expenditures—Schedule H, Part II, col. (d)	(h) Tax on excess benefit transactions—Schedule I, Part II, col. (d), and Part III, col. (d)	(i) Total—Add cols. (c) through (h)
a			
b			
c			
d			
Total			

Part II-B Summary of Taxes (See Tax Payments on page 2 of the instructions.)

1	Enter the taxes listed in Part II-A, column (i), that apply to self-dealers, disqualified persons, foundation managers, and organization managers who sign this form. If all sign, enter the total amount from Part II-A, column (i)	1	
2	**Total tax.** Add Part I, line 9, and Part II-B, line 1. (Make check(s) or money order(s) payable to the United States Treasury.)	2	

SCHEDULE A—Initial Taxes on Self-Dealing (Section 4941)

Part I Acts of Self-Dealing and Tax Computation

(a) Act number	(b) Date of act	(c) Description of act
1		
2		
3		
4		
5		

(d) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the act	(e) Amount involved in act	(f) Initial tax on self-dealing (5% of col. (e))	(g) Tax on foundation managers (if applicable) (lesser of $10,000 or 2½% of col. (e))

Part II Summary of Tax Liability of Self-Dealers and Proration of Payments

(a) Names of self-dealers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Self-dealer's total tax liability (add amounts in col. (c)) (see page 4 of the instructions)

Part III Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 4 of the instructions)

SCHEDULE B—Initial Tax on Undistributed Income (Section 4942)

1	Undistributed income for years before 2004 (from Form 990-PF for 2005, Part XIII, line 6d)	1	
2	Undistributed income for 2004 (from Form 990-PF for 2005, Part XIII, line 6e)	2	
3	Total undistributed income at end of current tax year beginning in 2005 and subject to tax under section 4942 (add lines 1 and 2)	3	
4	**Tax—**Enter 15% of line 3 here and on page 1, Part I, line 1	4	

SCHEDULE C—Initial Tax on Excess Business Holdings (Section 4943)

Business Holdings and Computation of Tax

If you have taxable excess holdings in more than one business enterprise, attach a separate schedule for each enterprise. Refer to the instructions on page 4 for each line item before making any entries.

Name and address of business enterprise

Employer identification number . . . . ▶

Form of enterprise (corporation, partnership, trust, joint venture, sole proprietorship, etc.) . ▶

		(a) Voting stock (profits interest or beneficial interest)	(b) Value	(c) Nonvoting stock (capital interest)
1 Foundation holdings in business enterprise .	1	%	%	
2 Permitted holdings in business enterprise .	2	%	%	
3 Value of excess holdings in business enterprise	3			
4 Value of excess holdings disposed of within 90 days; or, other value of excess holdings not subject to section 4943 tax (attach explanation)	4			
5 Taxable excess holdings in business enterprise—line 3 minus line 4	5			
6 Tax—Enter 5% of line 5	6			
7 **Total tax—**Add amounts on line 6, columns (a), (b), and (c); enter total here and on page 1, Part I, line 2	7			

SCHEDULE D—Initial Taxes on Investments That Jeopardize Charitable Purpose (Section 4944)

Part I Investments and Tax Computation

(a) Investment number	(b) Date of investment	(c) Description of investment	(d) Amount of investment	(e) Initial tax on foundation (5% of col. (d))	(f) Initial tax on foundation managers (if applicable)—(lesser of $5,000 or 5% of col. (d))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 3					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below . . .					

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Investment no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 6 of the instructions)

SCHEDULE E—Initial Taxes on Taxable Expenditures (Section 4945)

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Name and address of recipient	(e) Description of expenditure and purposes for which made
1				
2				
3				
4				
5				

(f) Question number from Form 990-PF, Part VII-B, or Form 5227, Part VI-B, applicable to the expenditure	(g) Initial tax imposed on foundation (10% of col. (b))	(h) Initial tax imposed on foundation managers (if applicable)—(lesser of $5,000 or 2½% of col. (b))
Total—column (g). Enter here and on page 1, Part I, line 4		
Total—column (h). Enter total (or prorated amount) here and in Part II, column (c), below		

Part II Summary of Tax Liability of Foundation Managers and Proration of Payments

(a) Names of foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (h), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE F—Initial Taxes on Political Expenditures (Section 4955)

Part I Expenditures and Computation of Tax

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Description of political expenditure	(e) Initial tax imposed on organization or foundation (10% of col. (b))	(f) Initial tax imposed on managers (if applicable) (lesser of $5,000 or 2½% of col. (b))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 5					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below					

Part II Summary of Tax Liability of Organization Managers or Foundation Managers and Proration of Payments

(a) Names of organization managers or foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE G—Tax on Excess Lobbying Expenditures (Section 4911)

1	Excess of grassroots expenditures over grassroots nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 43). (See page 7 of the instructions before making entry.)	1	
2	Excess of lobbying expenditures over lobbying nontaxable amount (from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 44). (See page 7 of the instructions before making entry.)	2	
3	Taxable lobbying expenditures—enter the larger of line 1 or line 2	3	
4	**Tax—**Enter 25% of line 3 here and on page 1, Part I, line 6	4	

SCHEDULE H—Taxes on Disqualifying Lobbying Expenditures (Section 4912)

Part I Expenditures and Computation of Tax

(a) Item number	**(b)** Amount	**(c)** Date paid or incurred	**(d)** Description of lobbying expenditures	**(e)** Tax imposed on organization (5% of col. (b))	**(f)** Tax imposed on organization managers (if applicable)—(5% of col. (b))
1					
2					
3					
4					
5					
Total—column (e). Enter here and on page 1, Part I, line 7					
Total—column (f). Enter total (or prorated amount) here and in Part II, column (c), below					

Part II Summary of Tax Liability of Organization Managers and Proration of Payments

(a) Names of organization managers liable for tax	**(b)** Item no. from Part I, col. (a)	**(c)** Tax from Part I, col. (f), or prorated amount	**(d)** Manager's total tax liability (add amounts in col. (c)) (see page 7 of the instructions)

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958)

Part I Excess Benefit Transactions and Tax Computation

(a) Transaction number	**(b)** Date of transaction	**(c)** Description of transaction
1		
2		
3		
4		
5		

(d) Amount of excess benefit	**(e)** Initial tax on disqualified persons (25% of col. (d))	**(f)** Tax on organization managers (if applicable) (lesser of $10,000 or 10% of col. (d))

SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958) *Continued*

Part II Summary of Tax Liability of Disqualified Persons and Proration of Payments

(a) Names of disqualified persons liable for tax	**(b)** Trans. no. from Part I, col. (a)	**(c)** Tax from Part I, col. (e), or prorated amount	**(d)** Disqualified person's total tax liability (add amounts in col. (c)) (see page 8 of the instructions)

Part III Summary of Tax Liability of 501(c)(3) & (4) Organization Managers and Proration of Payments

(a) Names of 501(c)(3) & (4) organization managers liable for tax	**(b)** Trans. no. from Part I, col. (a)	**(c)** Tax from Part I, col. (f), or prorated amount	**(d)** Manager's total tax liability (add amounts in col. (c)) (see page 8 of the instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee | Title | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature (and organization name if applicable) of self-dealer, disqualified person, foundation manager, or organization manager | Date

Signature of individual or firm preparing the return | Date

Address of preparer | ( ) Phone number of preparer

Form **8868**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . ▶ ☐
- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I — Automatic 3-Month Extension of Time—Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only . . . ▶ ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit *www.irs.gov/efile*.

Type or print	Name of Exempt Organization	**Employer identification number**
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions.	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	

Check type of return to be filed (file a separate application for each return):

☐ Form 990	☐ Form 990-T (corporation)	☐ Form 4720
☐ Form 990-BL	☐ Form 990-T (sec. 401(a) or 408(a) trust)	☐ Form 5227
☐ Form 990-EZ	☐ Form 990-T (trust other than above)	☐ Form 6069
☐ Form 990-PF	☐ Form 1041-A	☐ Form 8870

- The books are in the care of ▶ ....

Telephone No. ▶ ( ) .... FAX No. ▶ ( ) ....

- If the organization does **not** have an office or place of business in the United States, check this box . . . . ▶ ☐
- If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ________ . If this is for the **whole** group, check this box ▶ ☐ . If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until .... , 20 ... , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ ☐ calendar year 20 ... or

▶ ☐ tax year beginning .... , 20 ..., and ending .... , 20 ....

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . **$**

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit . . . . **$**

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions . . . . **$**

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** and check this box . . ▶ ☐

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization		Employer identification number
	Number, street, and room or suite no. If a P.O. box, see instructions.		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.		

Check type of return to be filed (File a separate application for each return):

☐ Form 990 ☐ Form 990-T (sec. 401(a) or 408(a) trust) ☐ Form 5227
☐ Form 990-BL ☐ Form 990-T (trust other than above) ☐ Form 6069
☐ Form 990-EZ ☐ Form 1041-A ☐ Form 8870
☐ Form 990-PF ☐ Form 4720

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ ____________
  Telephone No. ▶ ( ) ____________ FAX No. ▶ ( ) ____________
- If the organization does **not** have an office or place of business in the United States, check this box . . . . ▶ ☐
- If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ________. If this is for the **whole** group, check this box ▶ ☐. If it is for **part** of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until ____________ , 20____.

5 For calendar year ______ , or other tax year beginning ____________ , 20____, and ending ____________ , 20____.

6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension ____________

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . $

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 . . . . $

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. $

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Title ▶ Date ▶

Notice to Applicant—To Be Completed by the IRS

☐ We **have** approved this application. Please attach this form to the organization's return.

☐ We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.

☐ We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.

☐ We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested.

☐ Other ____________

____________ By: ____________ ____________

Director Date

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	**Name**
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

Form **8868**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . ▶ ☐
- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only . . . ▶ ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit *www.irs.gov/efile*.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization	**Employer identification number**
	Number, street, and room or suite no. If a P.O. box, see instructions.	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	

Check type of return to be filed (file a separate application for each return):

☐ Form 990	☐ Form 990-T (corporation)	☐ Form 4720
☐ Form 990-BL	☐ Form 990-T (sec. 401(a) or 408(a) trust)	☐ Form 5227
☐ Form 990-EZ	☐ Form 990-T (trust other than above)	☐ Form 6069
☐ Form 990-PF	☐ Form 1041-A	☐ Form 8870

- The books are in the care of ▶ ....

Telephone No. ▶ ( ) .... FAX No. ▶ ( ) ....

- If the organization does **not** have an office or place of business in the United States, check this box . . . . ▶ ☐
- If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ________ . If this is for the **whole** group, check this box ▶ ☐ . If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until .... , 20 ... ,
to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ ☐ calendar year 20 ... or
▶ ☐ tax year beginning .... , 20 ..., and ending .... , 20 ....

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . $

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit . . . . $

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions . . . . $

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

● If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** and check this box . . ▶ ☐

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

● If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print	Name of Exempt Organization		**Employer identification number**
File by the extended due date for filing the return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions.		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.		

Check type of return to be filed (File a separate application for each return):

☐ Form 990 ☐ Form 990-T (sec. 401(a) or 408(a) trust) ☐ Form 5227
☐ Form 990-BL ☐ Form 990-T (trust other than above) ☐ Form 6069
☐ Form 990-EZ ☐ Form 1041-A ☐ Form 8870
☐ Form 990-PF ☐ Form 4720

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

● The books are in the care of ▶ ....

Telephone No. ▶ ( ) .... FAX No. ▶ ( ) ....

● If the organization does **not** have an office or place of business in the United States, check this box . . . . ▶ ☐

● If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ________. If this is for the **whole** group, check this box ▶ ☐. If it is for **part** of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until ...., 20 .....

5 For calendar year ....., or other tax year beginning ...., 20...., and ending ...., 20.....

6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension ....

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . $

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 . . . . $

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. $

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Title ▶ Date ▶

Notice to Applicant—To Be Completed by the IRS

☐ We **have** approved this application. Please attach this form to the organization's return.

☐ We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.

☐ We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.

☐ We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested.

☐ Other ....

Director By: Date

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	**Name**
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

• Effective June 11, 2003, Temporary Regulation 1.6081-9T allows organizations required to file a return on Form 990 (all 990 series forms), 1041-A, 4720, 5227, 6069, or 8870 an automatic 3-month extension of time to file (6 months for a Form 990-T corporation). To receive this automatic extension the organization must file a properly completed Form 8868 and make any tax payments required. Also, a signature and explanation of the reasons for requesting the extension are not required to get the automatic 3-month extensions. However, the rules for getting an additional 3-month (not automatic) extension remain the same.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO or Form 8879-EO for payment instructions.

Purpose of form. Form 8868 is used by an exempt organization to request an automatic 3-month extension of time (6 months for a Form 990-T corporation) to file its return and also to apply for an additional (not automatic) 3-month extension if the original 3-month extension was not enough time. You cannot apply for both the automatic 3-month extension and the additional (not automatic) 3-month extension at the same time.

Also, the trustee of a trust required to file Form 1041-A or Form 5227 must use Form 8868 to request an extension of time to file those returns. These instructions apply to such trusts unless the context clearly requires otherwise.

Use Part I to apply for an automatic 3-month extension of time to file an organization's return, and submit the original form to the IRS (no copies are needed).

Part II is used to apply for an additional (not automatic) 3-month extension, and you must submit the original of this form and one copy to the IRS.

The automatic 3-month extension (6 months for a Form 990-T corporation) will be granted if you properly complete this form, file it, and pay any balance due on line 3c by the due date for the return for which the extension applies.

An organization will only be allowed a total extension of 6 months for a return for a tax year.

When to file. Generally, file Form 8868 by the due date of the return for which you are requesting an extension, or, in the case of an additional 3-month extension, by the extended due date of the return. When requesting an additional extension of time to file, file Form 8868 early so that if your request is denied you can still file your return on time.

Where to file. Send the application to:

Internal Revenue Service Center
Ogden, UT 84201-0012.

Do not file for an extension of time by attaching Form 8868 to the exempt organization's return when it is filed.

No blanket requests. File a separate Form 8868 for each return for which you are requesting an automatic extension of time to file. This extension will apply only to the specific return checked. It does not extend the time for filing any related returns. For example, an extension of time for filing a private foundation return will not apply to the return of certain excise taxes on charities (Form 4720).

Also black lung benefit trusts, their trustees, and any disqualified persons filing Form 990-BL must each file separate Forms 8868.

Exempt Organization Group Returns. A central organization may apply for an extension of time to file a group return. Complete and check the appropriate box and enter the Group Exemption Number (GEN) after the area titled "Check type of return to be filed." If the extension is not for all the organizations that are part of the group, you must attach a schedule to Form 8868 showing the name and employer identification number of each organization that is included in this request for an extension.

Interest. Interest will be charged on any tax not paid by the regular due date of the return from the due date until the tax is paid. It will be charged even if the organization has been granted an extension or has shown reasonable cause for not paying on time.

Late payment penalty. Generally, a penalty of 1% of any tax not paid by the due date is charged for each month or part of a month that the tax remains unpaid. The penalty cannot exceed 25% of the amount due. The penalty will not be charged if you can show reasonable cause for not paying on time. Attach a statement to your return fully explaining the reason. Do not attach the statement to Form 8868.

If you receive an extension of time to file, you will not be charged a late payment penalty if (a) the tax shown on line 3a or 8a (or the amount of tax paid by the regular due date of the return) is at least 90% of the tax shown on the return, and (b) you pay the balance due shown on the return by the extended due date.

Late filing penalty. A penalty is charged if the return is filed after the due date (including extensions) unless you can show reasonable cause for not filing on time. The penalty is 5% of the tax not paid by the regular due date for each month or part of a month that the return is late, up to a maximum of 25% of the unpaid tax. For an income tax return filed more than 60 days late, the minimum penalty is $100 or the balance of the tax due on the return, whichever is smaller. The penalty will not be charged if you can show reasonable cause for not filing on time. Attach a statement to your return fully explaining the reason. Do not attach the statement to Form 8868.

Different late filing penalties apply to information returns. See the specific form instructions for details.

Specific Instructions

Part I—Automatic 3-Month Extension

Only complete Part I if you are applying for an automatic 3-month extension of time (6 months for a Form 990-T corporation) to file the organization's return. If the organization has already received a 3-month automatic extension of time to file and still needs more time, you may apply for an additional (not automatic) 3-month extension by completing Part II of this form.

Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the exempt organization has a P.O. box, show the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

If the address is outside the United States or its possessions or territories, in the space for "city or town, state, and ZIP code," enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country's name.

If the organization's mailing address has changed since it filed its last return, use Form 8822, Change of Address, to notify the IRS of the change. A new address shown on Form 8868 will not update the organization's record.

Check type of return to be filed. Check the box for the form for which you are requesting an extension. Check only one box. You must file a separate Form 8868 for each return.

Line 1. The date that is entered on line 1 cannot be later than 3 months (6 months for a Form 990-T corporation) from the original due date of the return.

Line 2. Short tax year. If you checked the box for change in accounting period, you must have applied for approval to change the organization's tax year unless certain conditions have been met. See Form 1128, Application To Adopt, Change, or Retain a Tax Year, and Pub. 538, Accounting Periods and Methods, for details.

Note. All filers must complete lines 3a, b, and c, even if you are exempt from tax or do not expect to have any tax liability.

Line 3a. See the organization's tax return and its instructions to estimate the amount of tentative tax reduced by any nonrefundable credits. If you expect this amount to be zero, enter -0-.

Line 3c. Balance Due. Form 8868 does not extend the time to pay tax. To avoid interest and penalties, send the full balance due with Form 8868.

Note. Be sure to see any deposit rules that are in the instructions for the particular form you are getting an extension for to determine how payment must be made.

Part II—Additional *(not automatic)* 3-Month Extension

Stop! Only complete Part II if you are applying for an additional (not automatic) 3-month extension of time to file the organization's return. If you have not already filed for an automatic 3-month extension (Part I of this form) you may not file for an additional 3-month extension.

Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

If the address is outside the United States or its possessions or territories, in the space for "city or town, state, and ZIP code," enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country's name.

If the organization's mailing address has changed since it filed its last return, use Form 8822, Change of Address, to notify the IRS of the change. A new address shown on Form 8868 will not update your record.

If you want the Notice To Applicant returned to an address other than the one entered here, please complete the Alternate Mailing Address area at the bottom of Part II.

Check type of return to be filed. Check the box for the form for which you are requesting an extension. Check only one box. You must file a separate Form 8868 for each return.

Line 4. The date that is entered on line 4 cannot be later than 6 months from the original due date of the return.

Line 6. Short tax year. If you checked the box for change in accounting period, you must have applied for approval to change the organization's tax year unless certain conditions have been met. See Form 1128, Application To Adopt, Change, or Retain a Tax Year, and Pub. 538, Accounting Periods and Methods, for details.

Line 7. For the IRS to grant the organization an additional 3-month extension of time for filing a return, the organization must file an application on time and an adequate explanation why the return cannot be filed by the already extended due date. Describe in detail the reasons causing the additional delay in filing the return. We cannot approve applications that give incomplete reasons, such as "illness" or "practitioner too busy," without adequate explanations.

Generally we will consider the application based on the organization's efforts to fulfill the filing requirements, rather than on the convenience of your tax preparer. But, if your preparer is not able to complete the return by the due date for reasons beyond his or her control or, in spite of reasonable efforts, the organization is not able to get professional help in time to file, the IRS will generally grant the extension.

If a request for an extension is made for no important reason but only to gain time, we will deny both the extension request and the 10-day grace period.

Caution. If an extension is granted and the IRS later determines that the statements made on this form are false and misleading, the extension is null and void. The organization will be subject to the late filing penalty explained earlier.

Note. All filers must complete lines 8a, b, and c, even if you are exempt from tax or do not expect to have any tax liability.

Line 8a. See the specific form and form instructions to estimate the amount of tentative tax reduced by any nonrefundable credits. If you expect this amount to be zero, enter -0-.

Line 8c. Balance Due. Form 8868 does not extend the time for paying tax. To avoid further interest and penalties, send the full balance due as soon as possible with Form 8868.

Note. Be sure to see any deposit rules that are in the instructions for the particular form you are getting an extension for to determine how payment must be made.

Signature. The person who signs this form may be:

- A fiduciary, trustee, or an officer representing the fiduciary or trustee of an exempt trust filing Form 990, 990-EZ, 990-BL, 990-PF, 990-T, or 8870.
- A principal officer of a corporate organization filing Form 990, 990-EZ, 990-PF, 990-T, 4720, 6069, or 8870.
- A foundation manager, trustee, or disqualified person filing Form 990-BL or 4720 for their own liability.
- An individual filing Form 6069.
- A trustee or an officer representing the trustee of a trust filing Form 1041-A or 5227.
- An attorney or certified public accountant qualified to practice before the IRS.
- A person enrolled to practice before the IRS.
- A person holding a power of attorney.

Alternate Mailing Address

If you are applying for an additional (not automatic) extension, complete the Alternate Mailing Address area only if you want a copy of the Notice To Applicant returned to an address other than shown in Part II. If this is the case, please enter the address to which the copy should be sent.

Privacy Act and Paperwork Reduction Act Notices. For Privacy Act Notices regarding extensions of forms which may be filed by individuals, see the separate instructions for those forms. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

	Form 8868 Part I	Form 8868 Part II
Recordkeeping	5 hr., 30 min.	5 hr., 58 min.
Learning about the law or the form	6 min.	-0-
Preparing and sending the form to the IRS	11 min.	5 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send this form to this address. Instead, see *Where to file* on page 3.

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2005

Name of organization | **Employer identification number**

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☐ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.** (**Note:** *Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule—see instructions.*)

General Rule—

☐ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules—

☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33⅓% support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of $5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year.) . . . . ▶ $ ____________

Caution: *Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they* ***must*** *check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).*

Name of organization	**Employer identification number**

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization | **Employer identification number**

Part I **Contributors** (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	**(b) Name, address, and ZIP + 4**	**(c) Aggregate contributions**	**(d) Type of contribution**
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	**(b) Name, address, and ZIP + 4**	**(c) Aggregate contributions**	**(d) Type of contribution**
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	**(b) Name, address, and ZIP + 4**	**(c) Aggregate contributions**	**(d) Type of contribution**
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	**(b) Name, address, and ZIP + 4**	**(c) Aggregate contributions**	**(d) Type of contribution**
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	**(b) Name, address, and ZIP + 4**	**(c) Aggregate contributions**	**(d) Type of contribution**
_____	____________	$ ____________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number

Part I **Contributors** (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
_____		$__________	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization	**Employer identification number**

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____		$	/ /

Name of organization	**Employer identification number**

Part II **Noncash Property** (See Specific Instructions.)

(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /
(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /
(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /
(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /
(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /
(a) No. from Part I	**(b) Description of noncash property given**	**(c) FMV (or estimate) (see instructions)**	**(d) Date received**
_____		$	/ /

Name of organization | **Employer identification number**

Part III *Exclusively* **religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than $1,000 for the year.** (Complete columns **(a)** through **(e) and** the following line entry.)

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once—see instructions.) ► $

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

Name of organization | **Employer identification number**

Part III ***Exclusively* religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than $1,000 for the year.** (Complete columns **(a)** through **(e) and** the following line entry.)

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once—see instructions.) ► $

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

General Instructions

Purpose of Form

Schedule B (Form 990, 990-EZ, or 990-PF) is used to provide information on contributions the organization reported on line 1 of its—

- **Form 990-PF,** Return of Private Foundation,
- **Form 990,** Return of Organization Exempt From Income Tax, or
- **Form 990-EZ,** Short Form Return of Organization Exempt From Income Tax.

Who Must File Schedule B

All organizations must attach a completed Schedule B to their Form 990, 990-EZ, or 990-PF, unless they certify that they do not meet the filing requirements of this schedule by checking the proper box in the heading of their Form 990, Form 990-EZ, or on line 2 of Form 990-PF. See the instructions for Schedule B found in the separate instructions for those forms.

Public Inspection

Schedule B is:

- Open to public inspection for an organization that files Form 990-PF,
- Open to public inspection for a section 527 political organization that files Form 990 or Form 990-EZ, or
- For the other organizations that file Form 990 or Form 990-EZ, the names and addresses of contributors are not open to public inspection. All other information, including the amount of contributions, the description of noncash contributions, and any other information provided will be open to public inspection, unless it clearly identifies the contributor.

If an organization files a copy of Form 990, or Form 990-EZ, and attachments, with any state, it should not include its Schedule B in the attachments for the state, unless a schedule of contributors is specifically required by the state. States that do not require the information might inadvertently make the schedule available for public inspection along with the rest of the Form 990 or Form 990-EZ.

See the Instructions for Form 990 and Form 990-EZ, as well as the Instructions for Form 990-PF, for phone help information and the public inspection rules for those forms and their attachments.

Contributors To Be Listed on Part I

A "contributor" (person) includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

General Rule

Unless the organization is covered by one of the *Special Rules* below, it must list on Part I every contributor who, during the year, gave the organization directly or indirectly, money, securities, or any other type of property aggregating $5,000 or more for the year. Complete Part II for a noncash contribution. To determine the $5,000 or more amount, total all of the contributor's gifts only if they are $1,000 or more for the year.

Special Rules

Section 501(c)(3) organizations that file Form 990 or Form 990-EZ. For an organization described in section 501(c)(3) that meets the 33⅓ % support test under Regulations sections 1.509(a)-3/1.170A-9(e) (whether or not the organization is otherwise described in section 170(b)(1)(A))—

List in Part I only those contributors whose contribution of $5,000 or more is greater than 2% of the amount reported on line 1d of Form 990 (or line 1 of Form 990-EZ) (Regulations section 1.6033-2(a)(2)(iii)(a)).

Example. A section 501(c)(3) organization, of the type described above, reported $700,000 in total contributions, gifts, grants, and similar amounts received on line 1d of its Form 990. The organization is only required to list in Parts I and II of its Schedule B each person who contributed more than the greater of $5,000 or 2% of $700,000, that is, $14,000. Thus, a contributor who gave a total of $11,000 would not be reported in Parts I and II for this section 501(c)(3) organization. Even though the $11,000 contribution to the organization was greater than $5,000, it did not exceed $14,000.

Section 501(c)(7), (8), or (10) organizations. For contributions to these social and recreational clubs, fraternal beneficiary and domestic fraternal societies, orders, or associations that were not for an exclusively religious, charitable, etc., purpose, list in Part I, each contributor who, during the year, contributed $5,000 or more as described above under the *General Rule.*

For contributions or bequests to a section 501(c)(7), (8), or (10) organization received for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (sections 170(c)(4), 2055(a)(3), or 2522(a)(3))—

List in Part I each contributor whose aggregate contributions for an exclusively religious, charitable, etc., purpose were more than $1,000 during the year. To determine the more-than-$1,000 amount, total all of a contributor's gifts for the year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that listed an exclusively religious, charitable, etc., contribution on Part I or II must also complete Part III to—

1. Provide further information on such contributions of more than $1,000 during the year, and

2. Show the total amount received from such contributions that were for $1,000 or less during the year.

However, if a section 501(c)(7), (8), or (10) organization did not receive a contribution of more than $1,000 during the year for exclusively religious, charitable, etc., purposes, and consequently was not required to complete Parts I through III, it need only check the correct *Special Rules* box applicable to that organization on the front of Schedule B and enter, in the space provided, the total contributions it did receive during the year for an exclusively religious, charitable, etc., purpose.

Specific Instructions

Note: *You may duplicate Parts I through III if more copies of these Parts are needed. Number each page of each Part.*

Part I. In column (a), identify the first contributor listed as No. 1 and the second contributor as No. 2, etc. Number consecutively. Show the contributor's name, address, aggregate contributions for the year, and the type of contribution.

If a contribution came directly from a "contributor," check the "Person" box. Check the "Payroll" box for indirect contributions; that is, employees' contributions forwarded by an employer. (If an employer withholds contributions from employees' pay and periodically gives them to the organization, report only the employer's name and address and the total amount given unless you know that a particular employee gave enough to be listed separately.)

For section 527 organizations that file a Form 8871, Political Organization Notice of Section 527 Status, the names and addresses of contributors that are not reported on Form 8872, Political Organization Report of Contributions and Expenditures, do not need to be reported in Part I of Schedule B if the organization paid the amount specified by I.R.C. section 527(j)(1). In this case, enter "Pd. 527(j)(1)" in column (b), instead of a name, address, and zip code; but you must enter the amount of contributions in column (c).

Part II. In column (a), show the number that corresponds to the contributor's number in Part I. Describe the noncash contribution. Note the public inspection rules discussed above.

Report on property with readily determinable market value (e.g., market quotations for securities) by listing its fair market value. For marketable securities registered and listed on a recognized securities exchange, measure market value by the average of the highest and lowest quoted selling prices (or the average between the *bona fide* bid and asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When fair market value cannot be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution that is subject to an outstanding debt, subtract the debt from the property's fair market value.

If the organization received a partially completed Form 8283, Noncash Charitable Contributions, from a donor, complete it and return it so the donor can get a charitable contribution deduction. Keep a copy for your records.

Original (first) and successor donee (recipient) organizations must file Form 8282, Donee Information Return, if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (property other than money or certain publicly traded securities) within 2 years after the date the original donee received the property.

Part III. Section 501(c)(7), (8), or (10) organizations that received contributions or bequests for use exclusively for religious, charitable, etc., purposes must complete Parts I through III for those persons whose gifts totaled more than $1,000 during the year. Show also, in the heading of Part III, total gifts to these organizations that were $1,000 or less for the year and were for an exclusively religious, charitable, etc., purpose. Complete this information only on the first Part III page.

If an amount is set aside for an exclusively religious, charitable, etc., purpose, show in column (d) how the amount is held (e.g., whether it is commingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in column (e) and explain the relationship between the two organizations.

enter the gain on Schedule D (Form 1041). Both should attach a statement to the return showing how the gain was figured.

Line 4b—Net Gain or (Loss)

Show gains and losses on other than capital assets on Form 4797. Enter on this line the net gain or (loss) from Part II, line 17, Form 4797.

An exempt organization using Form 4797 to report ordinary gain on sections 1245, 1250, 1252, 1254, and 1255 property will include only depreciation, amortization, or depletion allowed or allowable in figuring unrelated business taxable income or taxable income of the organization (or a predecessor organization) for a period when it was not exempt.

Line 4c—Capital Loss Deduction for Trusts

If a trust has a net capital loss, it is subject to the limitations of Schedule D (Form 1041). Enter on this line the loss figured on Schedule D (Form 1041).

Line 5—Income or (Loss) From Partnerships and S Corporations

Combine all partnership income or loss (determined below) with all S corporation income or loss and enter it on line 5.

However, for limitations on losses for certain activities, see Form 6198 and, for trusts, Form 8582, Passive Activity Loss Limitations, or, for corporations, Form 8810, Corporate Passive Activity Loss and Credit Limitations, and sections 465 and 469.

Partnerships

If the organization is a partner in a partnership carrying on an unrelated trade or business, enter the organization's share (whether or not distributed) of the partnership's income or loss from the unrelated trade or business.

Figure the gross income and deductions of the partnership in the same way you figure unrelated trade or business income the organization earns directly.

Attachment. Attach a statement to this return showing the organization's share of the partnership's gross income from the unrelated trade or business, and its share of the partnership deductions directly connected with the unrelated gross income. Also, see *Attachments* on page 6 for other information you need to include.

S Corporations

For tax years beginning after December 31, 1997, qualified tax exempts can be shareholders in an S corporation without the S corporation losing its status as an S corporation. Qualified tax exempts that hold stock in an S corporation treat their stock interest as an unrelated trade or business. All items of income, loss, or deduction are taken into account in figuring unrelated business taxable income. Report on line 4 any gain or loss on the disposition of S corporation stock.

Qualified tax exempts. A qualified tax exempt is an organization that is described in section 401(a) (qualified stock bonus, pension, and profit-sharing plans) or 501(c)(3) and exempt from tax under section 501(a).

Exception. Employer stock ownership plans (ESOPs) do not follow these S corporation rules if the S corporation stock is an employer security as defined in section 409(l).

Attachment. Attach a statement to this return showing the qualified tax exempt's share of all items of income, loss, or deduction. Show capital gains and losses separately and include them on line 4a. Combine the income, loss, and deductions (except for the capital gains and losses) on the statement. If you hold stock in more than one S corporation, total the combined amounts. Also, see *Attachments* on page 6 for other information you need to include.

Line 12—Other Income

Enter on line 12 any item of unrelated business income that is not reportable elsewhere on the return. Include:

- Recoveries of bad debts deducted in earlier years under the specific charge-off method. Attach a separate schedule of any items of other income to your return;
- The amount from Form 6478, Credit for Alcohol Used as Fuel; and
- The amount from Form 8864, Biodiesel and Renewable Diesel Fuels Credit.

Organizations described in section 501(c)(19). Enter the net income from insurance business that was not properly set aside. These organizations may set aside income from payments received for life, sick, accident, or health insurance for members of the organization or their dependents:

1. To provide for the payment of insurance benefits;
2. For a purpose specified in section 170(c)(4) (religious, charitable, scientific, literary, educational, etc.); or
3. For administrative costs directly connected with benefits described in 1 and 2 above.

Amounts set aside and used for purposes other than those 1, 2, or 3 above, must be included in unrelated business taxable income for the tax year if they were previously excluded from taxable income.

Any amount spent for a purpose described in section 170(c)(4) is first considered paid from funds earned by the organization from insurance activities if the income is not used for the insurance activities.

Expenditures for lobbying are not considered section 170(c)(4) expenses.

Income from property financed with qualified 501(c)(3) bonds. If any part of the property is used in a trade or business of any person other than a section 501(c)(3) organization or a governmental unit, your section 501(c)(3) organization is considered to have received unrelated business income in the amount of the greater of the actual rental income or the fair rental value of the property for the period it is used. No deduction is allowed for interest on the private activity bond. Report the greater of the actual rent or the fair rental value on line 12. Report allowable deductions in Part II. See section 150(b)(3) for more information.

Passive foreign investment company (PFIC) shareholders. If your organization is a direct or indirect shareholder of a PFIC within the meaning of section 1296, it may have income tax consequences under section 1291 on the disposition of the PFIC stock or on receipt of an excess distribution from the PFIC, described in section 1291(a). Your organization may have current income under section 1293 if the PFIC is a qualified electing fund (QEF) with respect to the organization.

Include on line 12 the portion of an excess distribution or section 1293 inclusion that is taxable as unrelated business taxable income. See Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, for more information on reporting excess distributions and current income inclusions.

See the instructions for lines 35c and 36 in Part III for reporting the deferred tax amount that may be owed by your organization with respect to an excess distribution.

Part II—Deductions Not Taken Elsewhere

If the amount on Part I, line 13, column (A), is $10,000 or less, you do not have to complete lines 14 through 28 of Part II. However, you must complete lines 29 through 34 of Part II.

Directly connected expenses. Only expenses directly connected with unrelated trade or business income (except contributions) may be deducted on these lines (see *Directly connected expenses* on page 3). Contributions may be deducted, whether or not directly connected. Do not separately include in Part II any expenses that are reported in Schedules A through J, other than excess exempt expenses entered on line 26 and excess readership costs entered on line 27. For example, officers' compensation allocable to advertising income is reported on Schedule J only, and should not be included on Schedule K or line 14 of Part II.

Limitations on Deductions

The following items discuss certain areas in which the amount of the deduction may to some extent be limited.

Activities Lacking a Profit Motive

If income is attributable to an activity lacking a profit motive, a loss from the activity cannot be claimed on Form 990-T. Therefore, in Part I, column (B) and Part II, the total of deductions for expenses directly connected with income from an activity lacking a profit motive is limited to the amount of that income. Generally, an activity lacking a profit motive is one that is not conducted for the purpose of producing a profit or one that has consistently produced losses when both direct and indirect expenses are taken into account.

Transactions Between Related Taxpayers

Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See sections 163(e)(3), 163(j), and 267 for limitations on deductions for unpaid interest and expenses.

Preference Items

Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of the adjustment.

Section 263A Uniform Capitalization Rules

These rules require organizations to capitalize or include as inventory cost certain costs incurred in connection with:

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property held in inventory (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property produced by the organization for use in its trade or business or in an activity engaged in for profit.

Tangible personal property produced by an organization includes a film, sound recording, videotape, book, or similar property.

Indirect expenses. Organizations subject to the section 263A uniform capitalization rules are required to capitalize direct costs and an allocable part of most indirect costs (including taxes) that benefit the assets produced or acquired for resale or are incurred by reason of the performance of production or resale activities.

For inventory, some of the indirect expenses that must be capitalized are:

- Administration expenses,
- Taxes,
- Depreciation,
- Insurance,
- Compensation paid to officers attributable to services,
- Rework labor, and
- Contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Regulations section 1.263A-1(e)(3) specifies other indirect costs that relate to production or resale activities that must be capitalized and those that may be currently deductible.

Interest expense. Interest expense paid or incurred during the production period of designated property must be capitalized and is governed by special rules. For more details, see Regulations section 1.263A-8 through 1.263A-15.

When are section 263A capitalized costs deductible? The costs required to be capitalized under section 263A are not deductible until the property (to which the costs relate) is sold, used, or otherwise disposed of by the organization.

Exceptions. Section 263A does not apply to:

- Personal property acquired for resale if the organization's average annual gross receipts for the 3 prior tax years were $10 million or less.
- Timber.
- Most property produced under long-term contract.
- Certain property produced in a farming business.
- Research and experimental costs under section 174.
- Geological and geophysical costs amortized under section 167(h).
- Intangible drilling costs for oil, gas, and geothermal property.
- Mining exploration and development costs.
- Inventory of an organization that accounts for inventories in the same manner as materials and supplies that are not incidental. See *Schedule A—Cost of Goods Sold* on page 16 for details.

Additional information. For more details on the uniform capitalization rules, see Regulations sections 1.263A-1 through 1.263A-3.

Travel, Meals, and Entertainment

Subject to limitations and restrictions discussed below, an organization can deduct ordinary and necessary travel, meals, and entertainment expenses paid or incurred in its trade or business. Also, special rules apply to deductions for gifts, skybox rentals, luxury water travel, convention expenses, and entertainment tickets. See section 274 and Pub. 463, Travel, Entertainment, Gift, and Car Expenses, for more details.

Travel. The organization cannot deduct travel expenses of any individual accompanying an organization's officer or employee, including a spouse or dependent of the officer or employee, unless:

- That individual is an employee of the organization and
- His or her travel is for a bona fide business purpose and would otherwise be deductible by that individual.

Meals and entertainment. Generally, the organization can deduct only 50% of the amount otherwise allowable for meals and entertainment expenses paid or incurred in its trade or business. In addition (subject to exceptions under section 274(k)(2)):

- Meals must not be lavish or extravagant;
- A bona fide business discussion must occur during, immediately before, or immediately after the meal; and
- An employee of the organization must be present at the meal.

Membership dues. The organization may deduct amounts paid or incurred for membership dues in civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards. However, no deduction is allowed if a principal purpose of the organization is to entertain, or provide entertainment facilities for members or their guests. In addition, organizations may not deduct membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion.

Entertainment facilities. The organization cannot deduct an expense paid or incurred for use of a facility (such as a yacht or hunting lodge) for an activity usually considered entertainment, amusement, or recreation.

Amounts treated as compensation. The organization generally may be able to deduct otherwise nondeductible travel, meals, and entertainment expenses if the amounts are treated as compensation and reported on Form W-2 for an employee or Form 1099-MISC for an independent contractor.

However, if the recipient is an officer or director, the deduction for otherwise nondeductible meals, travel and entertainment expenses, is limited to the amount treated as compensation. See section 274(e)(2) and Notice 2005-45, 2005-24 I.R.B. 1228.

Certain Expenses For Which Credits Are Allowable

For each of the credits listed below, the organization must reduce the otherwise allowable deductions for expenses used to figure the credit by the amount of the current year credit:

1. The credit for increasing research activities,
2. The enhanced oil recovery credit,
3. The disabled access credit,
4. The employer credit for social security and Medicare taxes paid on certain employee tips,
5. The credit for employer-provided child care,
6. The orphan drug credit,
7. The credit for small employer pension plan startup, and
8. The low sulfur diesel fuel production credit.

If the organization has any of these credits, be sure to figure each current year credit before figuring the deduction for expenses on which the credit is based.

Business Startup Expenses

Business startup and organizational costs must be capitalized unless an election is made to amortize them. For cost paid or incurred before October 23, 2004, the organization must capitalize them unless it elects to amortize these cost over a period of 60 months or more. For cost paid or incurred after October 23, 2004, the following rules apply separately to each category of cost.

- The organization can elect to deduct up to $5,000 of such cost for the year the organization begins business operations.
- The $5,000 deduction is reduced (but not below zero) by the amount the total costs exceed $50,000. If the total costs are $55,000 or more, the deduction is reduced to zero.
- If the election is made, any costs that are not deducted must be amortized ratably over a 180-month period.

In all cases, the amortization period begins the month the corporation begins operations. For more details on the election for business start-up and organizational costs, see Pub. 535.

For more details on the election for business start-up costs, see section 195 and attach the statement required by Regulations section 1.195-1(b). For more details on the election for organizational costs, see section 248 and attach the statement required by Regulation section 1.248-1(c). Report the deductible amount of these costs and any amortization on line 28 (line 16, Form 990-EZ). For amortization that begins during the 2005 tax year, complete and attach Form 4562.

Line 16—Repairs and Maintenance

Enter the cost of incidental repairs and maintenance not claimed elsewhere on the return, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property.

Line 17—Bad Debts

Enter the total receivables from unrelated business activities that were previously included in taxable income and that became worthless in whole or in part during the tax year.

Line 18—Interest

Attach a separate schedule listing the interest being claimed on this line.

- **Interest allocation.** If the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity), an interest allocation must be made. See Temporary Regulations section 1.163-8T for the interest allocation rules.
- **Tax-exempt interest.** Do not include interest on indebtedness incurred or continued to purchase or carry obligations, on which the interest income is totally exempt from income tax. For exceptions, see section 265(b).
- **Prepaid interest.** Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, in 2005 a cash basis calendar year taxpayer prepaid interest on a loan. The taxpayer can deduct only that part of the prepaid interest that was for the use of the loan before January 1, 2006.
- **Straddle interest.** Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).
- **Original issue discount.** See section 163(e)(5) for special rules for the disqualified portion of original issue discount on a high yield discount obligation.
- **Related party interest.** Certain interest paid or accrued by the organization (directly or indirectly) to a related person may be limited if no tax is imposed on such interest. See section 163(j) for more details.
- **Interest on certain underpayments of tax.** Interest paid or incurred on any portion of an underpayment of tax that is attributable to an understatement arising from an undisclosed listed transaction or an undisclosed reportable avoidance transaction (other than a listed transaction) entered into in tax years beginning after October 22, 2004.
- **Interest allocable to the production of designated property.** Do not deduct interest on debt allocable to the production of designated property. Interest that is allocable to such property produced by an organization for its own use or for sale must be capitalized. An organization must also capitalize any interest on debt allocable to an asset used to produce the above property. See section 263A(f) and Regulations sections 1.263A-8 through 1.263A-15 for definitions and more information.
- **Interest on below-market loans.** See section 7872 for special rules regarding the deductibility of foregone interest on certain below-market-rate loans.

Line 19—Taxes and Licenses

Enter taxes and license fees paid or accrued during the year, but do not include the following:

- Federal income taxes.
- Foreign or U.S. possession income taxes if a tax credit is claimed. For special rules on possession income taxes, see the Instructions for Form 5735, Possessions Corporation Tax Credit (Under Sections 936 and 30A).
- Taxes not imposed on your organization.
- Taxes, including state or local sales taxes, paid or incurred in connection with an acquisition or disposition of property (these taxes must be treated as part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition).
- Taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.).
- Taxes deducted elsewhere on the return, such as those reflected in cost of good sold.

See section 164(d) for apportionment of taxes on real property between the buyer and seller.

Line 20—Charitable Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Also, enter any unused contributions carried over from earlier years. The deduction for contributions will be allowed whether or not directly connected with the carrying on of a trade or business.

Contributions made in January 2005 for the Indian Ocean Tsunami Relief are not deductible if a deduction was taken on the 2004 tax return.

Corporations. The total amount claimed normally cannot be more than 10% of unrelated business taxable income figured without regard to the deduction for charitable contributions. The limitation however, on charitable contributions is suspended temporarily. The suspension applies only to cash contributions made during the period beginning on August 28, 2005, and ending on December 31, 2005.

TIP *Organizations must make an election and are required to substantiate that qualified cash contributions are for relief efforts related to Hurricanes Katrina, Rita, or Wilma. If the organization's contribution will exceed the 10% limitation, attach a statement to the organization's tax return indicating the amount of contributions subject to the 10% limitation and the amount of qualified contributions for relief efforts related to Hurricanes Katrina, Rita, or Wilma. See section 1400S.*

Contributions of food inventory. An enhanced deduction for contributions of food inventory is available to any trade or business of any taxpayer providing food to the ill, needy, or infants.

Donations of educational books. An enhanced deduction is available to certain corporations contributing qualified educational books to a public school providing elementary or secondary education.

A school providing elementary or secondary education is an educational organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on. The enhanced deduction is not allowed unless the donee organization certifies in writing that the contributed books are suitable, in terms of currency, content, and quantity, for use in the donee's educational programs and that the donee will use the books in such educational programs. See section 170(e)(3)(D).

Charitable contributions over the 10% limitation cannot be deducted for the tax year, but may be carried over to the next 5 tax years.

In figuring the charitable contributions deduction, if the corporation has an NOL carryover to the tax year, the 10% limit is applied using the taxable income after taking into account any deduction for the NOL.

To figure the amount of any remaining NOL carryover to later years, taxable income must be modified. See section 172(b). To the extent charitable contributions are used to reduce taxable income for this purpose and increase a net operating loss carryover, a contributions carryover is not allowed. See section 170(d)(2)(B).

Corporations on the accrual basis can elect to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach a declaration to the return stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. The declaration must also include the date the resolution was adopted.

Trusts. In general:

1. For contributions to organizations described in section 170(b)(1)(A), the amount claimed may not be more than 50% of the unrelated business taxable income figured without this deduction; and
2. For contributions to other organizations, the amount claimed may not be more than the smaller of:
   a. 30% of unrelated business taxable income figured without this deduction; or
   b. The amount by which 50% of the unrelated business taxable income is more than the contributions allowed in 1 above.

TIP *Contributions not allowable in whole or in part because of the limitations may not be deducted as a business expense, but may be carried over to the next 5 tax years.*

Substantiation requirements. Generally, no deduction is allowed for any contribution of $250 or more, unless the organization gets a written acknowledgement from the donee organization that shows the amount of cash contributed, describes any property contributed, and either gives a description and a good faith estimate of the value of any goods or services provided in return for the contribution or states that no goods or services were provided in return for the contribution. The acknowledgement must be obtained by the due date (including extensions) of the organization's return, or, if earlier, the date the return is filed. However, see section 170(f)(8) and the related regulations for exceptions to this rule. Do not attach the acknowledgement to the return, but keep it with the organization's records.

These rules apply in addition to the filing requirements for Form 8283, Noncash Charitable Contributions, discussed below. **Special rules** and limits apply to contributions:

- To organizations conducting lobbying activities, see section 170(f)(9).
- Of property other than cash, see Regulations section 1.170A-13(c).
- Of inventory and other property to certain organizations for use in the care of the ill, needy, or infants, see section 170(e) and Regulations section 1.170A-4A.
- Of scientific equipment used for research to institutions of higher learning or to certain scientific research organizations (other than by personal holding companies and service organizations), see section 170(e)(4).
- Of computer technology and equipment for educational purposes, see section 170(e)(6).

For more information on charitable contributions, including substantiation and recordkeeping requirements, see section 170, the related regulations, and Pub. 526, Charitable Contributions.

Line 21—Depreciation

Besides depreciation, include on line 21 the part of the cost, under section 179, that the organization elected to expense for certain tangible property placed in service during tax year 2005 or carried over from 2004. See Form 4562, Depreciation and Amortization, and its instructions.

Line 23—Depletion

See sections 613 and 613A for percentage depletion rates for natural deposits. Attach Form T, Forest Activities Schedules, if a deduction is taken for depletion of timber.

Line 24—Contributions to Deferred Compensation Plans

Employers who maintain pension, profit-sharing, or other funded deferred compensation plans are generally required to file Form 5500. This requirement applies whether or not the plan is qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year. Section 6652(e) imposes a penalty for late filing of these forms. In addition, there is a penalty for overstating the pension plan deduction. See section 6662(f).

Line 25—Employee Benefit Programs

Enter the amount of contributions to employee benefit programs (such as, insurance, health and welfare programs) that are not an incidental part of a deferred compensation plan included on line 24.

Line 28—Other Deductions

Enter on this line the deduction taken for amortization (see Form 4562) as well as other authorized deductions for which no space is provided on the return. Attach a separate schedule listing the deductions claimed on this line. Deduct only items directly connected with the unrelated trade or business for which income is reported in Part I.

Domestic production activities. Complete Form 8903 and enter the deduction on this line.

Deductions related to property leased to tax-exempt entities. For property leased to a governmental or other tax-exempt entity, or in the case of property acquired after March 12, 2004, that is treated as tax-exempt use property other than by reason of a lease, the organization may not claim deductions related to the property to the extent that they exceed the organization's income from the lease payments. Amounts disallowed may be carried over to the next year and treated as a deduction with respect to the property. See section 470 for more information.

Energy Efficient Commercial Buildings. You may deduct expenses for energy efficient commercial buildings placed in service after December 31, 2005. See section 179D.

Do not deduct fines or penalties paid to a government for violating any law.

Line 31—Net Operating Loss (NOL) Deduction

The NOL deduction is the total of the net operating loss carryovers and carrybacks that can be deducted in the tax year. To be deductible, an NOL must have been incurred in an unrelated trade or business activity. See section 172(a).

Certain electric utility companies may elect a carryback period of five years for NOLs arising in tax years 2003, 2004, and 2005. The election may be made during any tax year ending after December 31, 2005, and before January 1, 2009. See section 172(b)(1)(I).

If any portion of any NOL is a qualified Gulf Opportunity Zone loss that was paid or incurred after August 27, 2005, and before January 1, 2008, the amount of the NOL may be eligible for a five-year carryback. See section 1400N(k) and Pub. 4492 for more information.

Enter on line 31, the total NOL carryover from other tax years, but do not enter more than the amount shown on line 30. Attach a schedule showing the computation of the NOL deduction. The amount of an NOL carryback or carryover is determined under section 172. See Regulations section 1.512(b)-1(e). For more information about NOLs, see Pub. 536, Net Operating Losses.

Line 33—Specific Deduction

A specific deduction of $1,000 is allowed except for computing the net operating loss and the net operating loss deduction under section 172.

Only one specific deduction may be taken, regardless of the number of unrelated businesses conducted. However, a diocese, province of a religious order, or convention or association of churches is allowed one specific deduction for each parish, individual church, district, or other local unit that regularly conducts an unrelated trade or business. This applies only to those parishes, districts, or other local units that are not separate legal entities, but are components of a larger entity (diocese, province, convention, or association). Each specific deduction will be the smaller of $1,000 or the gross income from any unrelated trade or business the local unit conducts. If you claim a total specific deduction larger than $1,000, attach a schedule showing how you figured the amount.

The diocese, province of a religious order, or convention or association of churches must file a return reporting the gross income and deductions of all its units that are not separate legal entities. These local units cannot file separate returns because they are not separately incorporated. Local units that are separately incorporated must file their own returns and cannot be included with any other entity except for a title holding company. See the instructions under *Consolidated Returns* on page 5.

For details on the specific deduction, see section 512(b)(12) and the related regulations.

Part III—Tax Computation

CAUTION *If the organization is making a section 965 election, see the instructions for Parts III and IV of Form 8895, One-Time Dividends Received Deduction for Certain Cash Dividends from Controlled Foreign Corporations, before computing its tax.*

Lines 35a and 35b

Corporate members of a controlled group, as defined in section 1563, must check the box on line 35 and complete lines 35a and 35b.

The term "controlled group" means any parent-subsidiary group, brother-sister group, or combined group. See the definitions below.

Parent-subsidiary group. Parent-subsidiary group parent-subsidiary group is one or more chains of corporations connected through stock ownership with a common parent corporation if:

- Stock possessing at least 80% of the total combined voting power of all classes of stock entitled to vote or at least 80% of the total value of shares of all classes of stock of each of the corporations, except the common parent corporation, is directly or indirectly owned by one or more of the other corporations; and
- The common parent corporation directly or indirectly owns stock possessing at least 80% of the total combined voting power of all classes of stock entitled to vote or at least 80% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing such voting power or value, stock owned directly by such other corporation.

Brother-sister group. A brother-sister group is two or more corporations of 5 or fewer persons who are individuals, estates, or trusts who directly or indirectly own stock possessing:

- At least 80% of the total combined voting power of all classes of stock entitled to vote or at least 80% of the total value of shares of all classes of the stock of each corporation, and
- More than 50% of the total combined voting power of all classes of stock entitled to vote or more than 50% of the total value of shares of all classes of stock of each corporation, taking into account the stock ownership of each such person only to the extent such stock ownership is identical with respect to each such corporation.

The definition of brother-sister group does not include the first bullet above, but only for purposes of the taxable income brackets, alternative minimum tax exemption amounts, and accumulated earnings credit.

Combined group. A combined group is three or more corporations each of which is a member of a parent-subsidiary group or a brother-sister group, and one of which is:

- A common parent corporation included in a group of corporations in a parent-subsidiary group, and also
- Included in a group of corporations in a brother-sister group.

For more details on controlled groups, see section 1563.

Members of a controlled group are entitled to one $50,000, one $25,000, and one $9,925,000 taxable income bracket amount (in that order) on line 35a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. See Regulations section 1.1561-3(b) for other requirements and for the time and manner of making the consent.

Equal apportionment plan. If no apportionment plan is adopted, members of a controlled group must divide the amount in each taxable income bracket equally among themselves. For example, Controlled Group AB consists of Corporation A and Corporation B. They do not elect an apportionment plan. Therefore, Corporation A and Corporation B are each entitled to $25,000 (one-half of $50,000) in the $50,000 taxable income bracket on line 35a(1), $12,500 (one-half of $25,000) in the $25,000 taxable income bracket on line 35a(2), and $4,962,500 (one-half of $9,925,000) in the $9,925,000 taxable income bracket on line 35a(3).

Unequal apportionment plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they want. There is no need for consistency among taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members cannot be more than the total amount in each taxable income bracket.

Additional 5% tax and additional 3% tax. Members of a controlled group are treated as one corporation to figure the applicability of the additional 5% tax that must be paid by corporations with taxable income over $100,000 and the additional 3% tax that must be paid by corporations with taxable income over $15 million. If either additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member must enter its share of the additional 5% tax on line 35b(1) and its share of the additional 3% tax on line 35b(2) and attach to its tax return a schedule that shows the taxable income of the entire group, as well as how its share of the additional tax was figured.

Lines 35c and 36

Deferred tax amount under section 1291. If your organization has an excess distribution from a passive foreign investment company (PFIC) that is taxable as unrelated business taxable income, the organization may owe the deferred tax amount defined in section 1291(c)(1). The portion of the deferred tax amount that is the aggregate increases in taxes (described in section 1291(c)(2)) must be included in the amount entered on line 35c or 36. Write to the left of line 35c or 36, "Sec. 1291" and the amount. Do not include on line 35c or 36 the portion of the deferred tax amount that is the aggregate amount of interest determined under section 1291(c)(3). Instead, write "Sec. 1291 interest" and the amount in the bottom right margin of page 2, Form 990-T. See Part IV of Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

Line 35c—Corporations

Use the *Tax Rate Schedule for Corporations* shown on page 14 to figure the tax.

CAUTION *Members of a controlled group use the* Tax Computation Worksheet for Members of a Controlled Group *on page 14 to figure the tax. Members of a controlled group should see the* instructions *above* for lines 35a and 35b. *Members of a controlled group must attach a statement showing the computation of the tax entered on line 35c.*

Tax Rate Schedule for Corporations (*Internal Revenue Code – Section 11*)

If the amount on line 34, page 1 is:

Over—	*But not over—*	*Tax is:*	*Of the amount over—*
$0	$50,000	**15%**	$0
50,000	75,000	**$ 7,500 + 25%**	50,000
75,000	100,000	**13,750 + 34%**	75,000
100,000	335,000	**22,250 + 39%**	100,000
335,000	10,000,000	**113,900 + 34%**	335,000
10,000,000	15,000,000	**3,400,000 + 35%**	10,000,000
15,000,000	18,333,333	**5,150,000 + 38%**	15,000,000
18,333,333	- - - - -	**35%**	0

Tax Computation Worksheet for Members of a Controlled Group
(Keep for your records)

Each member of a controlled group must compute the tax using the computation below:

1. Enter unrelated business taxable income (line 34, page 1, Form 990-T) _______
2. Enter line 1 or corporation's share of the $50,000 taxable income bracket, whichever is less . . . . _______
3. Subtract line 2 from line 1 . . . . _______
4. Enter line 3 or corporation's share of the $25,000 taxable income bracket, whichever is less . . . . _______
5. Subtract line 4 from line 3 . . . . _______
6. Enter line 5 or corporation's share of the $9,925,000 taxable income bracket, whichever is less . . . . _______
7. Subtract line 6 from line 5 . . . . _______
8. Enter 15% of line 2 . . . . _______
9. Enter 25% of line 4 . . . . _______
10. Enter 34% of line 6 . . . . _______
11. Enter 35% of line 7 . . . . _______
12. If the taxable income of the controlled group exceeds $100,000, enter this member's share of the smaller of: (a) 5% of the excess over $100,000, or (b) $11,750 (see instructions for additional 5% and additional 3% tax). . . . . _______
13. If the taxable income of the controlled group exceeds $15 million, enter this member's share of the smaller of: (a) 3% of the excess over $15 million, or (b) $100,000 (see instructions for additional 5% and additional 3% tax). _______
14. Add lines 8 through 13. Enter here and on line 35c, page 2, Form 990-T . . . . _______

Line 36—Trusts

Trusts exempt under section 501(a), which otherwise would be subject to subchapter J (estates, trusts, etc.), are taxed at trust rates. This rule also applies to employees' trusts that qualify under section 401(a). Most trusts figure the tax on the amount on line 34 using the Tax Rate Schedule for Trusts, below. If the tax rate schedule is used, enter the tax on line 36 and check the "tax rate schedule" box on line 36. If the trust is eligible for the rates on net capital gains, complete Schedule D (Form 1041) and enter the tax from Schedule D (Form 1041) on page 2, line 36. Check the "Schedule D" box on line 36 and attach Schedule D (Form 1041) to Form 990-T.

Tax Rate Schedule Trust
(Internal Revenue Code – Section 1(e))

If the amount on line 34, page 1 is:

Over—	*But not over—*	**Tax is:**	*Of the amount over—*
$0	$2,000	**15%**	$0
2,000	4,700	**$ 300 + 25%**	2,000
4,700	7,150	**975 + 28%**	4,700
7,150	9,750	**1,661 + 33%**	7,150
9,750	- - - - -	**2,519 + 35%**	9,750

Line 37—Proxy Tax

To pay the section 6033(e)(2) proxy tax on nondeductible lobbying and political expenditures, enter the proxy tax on line 37 and attach a schedule showing the computation.

Exempt organizations, except section 501(c)(3) and certain other organizations, must include certain information regarding lobbying expenditures on Form 990. In addition, organizations may have to provide notices to members regarding their share of dues to which the expenditures are allocable. See Form 990 instructions and Rev. Proc. 98-19, 1998-1 C.B. 547 for exceptions and other details.

If the organization elects not to provide the notices described above, it must pay the proxy tax described in section 6033(e)(2). If the organization does not include the entire amount of allocable dues in the notices, it may have to pay the proxy tax. This tax is not applicable to section 501(c)(3) organizations. Figure the proxy tax by multiplying the aggregate amount not included in the notices described above by 35%. No deductions are allowed.

Line 38—Alternative Minimum Tax

Organizations liable for tax on unrelated business taxable income may be liable for alternative minimum tax on certain adjustments and tax preference items. Trusts attach Schedule I, Alternative Minimum Tax, of Form 1041 and enter any tax from Schedule I on this line. A corporation, unless it is treated as a "small corporation" exempt from the alternative minimum tax, may have to attach Form 4626, Alternative Minimum Tax—Corporations, and enter any tax from Form 4626 on this line. See the Instructions for Form 4626 for the definition of a small corporation.

Part IV—Tax and Payments

Line 40a—Foreign Tax Credit

- **Corporations.** See Form 1118, Foreign Tax Credit—Corporations, for an explanation of when a corporation can take this credit for payment of income tax to a foreign country or U.S. possession.
- **Trusts.** See Form 1116, Foreign Tax Credit (Individual, Estate, Trust, or Nonresident Alien Individual), for rules on how the trust computes the foreign tax credit.

Complete the form that applies to the organization and attach the form to its Form 990-T. Enter the credit on this line.

Line 40b—Other Credits

- **Possessions tax credit.** The Small Business Job Protection Act of 1996 repealed the possessions credit. However, existing claimants may qualify for a credit under the transitional rules. See the Instructions for Form 5735.
- **Nonconventional source fuel credit (calendar year filers only).** For tax years ending on December 31, 2005, use Form 8907, Nonconventional Source Fuel Credit, to figure the credit for the sale of qualified fuels produced from a nonconventional source. Include the amount from line 23 in the total for line 40b, Form 990-T.

Note. For tax years ending after December 31, 2005, the nonconventional source fuel credit is a general business credit included on Form 3800.

- **Qualified electric vehicle credit.** Include on line 40b any credit from Form 8834, Qualified Electric Vehicle Credit. Vehicles that qualify for this credit are not eligible for the deduction for clean-fuel vehicles under section 179A.
- **Clean renewable energy bond credit and gulf bond credit.** Complete and attach Form 8912.

Line 40c—General Business Credit

Enter on line 40c the organization's total general business credit.

If the organization is filing Form 6478, Credit for Alcohol Used as Fuel; or Form 8835 (see list below) with a credit from Section B; check the "Form(s)" box, enter the form number in the space provided, and include the allowable credit on line 40c.

Complete Form 3800, General Business Credit, if the organization has:

1. Two or more of the credits listed below;
2. A credit carryforward or carryback (including one from an ESOP credit);
3. A passive activity credit (other than the low-income housing credit); or
4. General credits from an electing large partnership.

Enter the amount of the general business credit on line 40c and check the Form 3800 box on that line. Attach Form 3800 and the other applicable credit forms to Form 990-T.

Form 3800 is not required if the organization has only one of the general business credits (and items 2-4 above do not apply). Instead, attach the applicable credit form(s) to the return; check the "Form(s)" box; specify the form number(s) in the space provided, and include the amount of the credit(s) on line 40c.

For Form 990-T filers, the general business credit includes:

- Form 3468, Investment Credit, including the following new credits.
  1. Credit for qualifying gasification project.
  2. Credit for qualifying advanced coal project.
- Form 6765, Credit for Increasing Research Activities.
- Form 8586, Low-Income Housing Credit.
- Form 8830, Enhanced Oil Recovery Credit.
- Form 8826, Disabled Access Credit.
- Form 8835, Renewable Electricity and Refined Coal, and Indian Coal Production Credit.
- Form 8846, Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips.
- Form 8820, Orphan Drug Credit.
- Form 8881,Credit for Small Employer Pension Startup Costs.
- Form 8882, Credit for Employer-Provided Child Care Facilities and Services.
- Form 8900, Qualified Railroad Track Maintenance Credit.
- Form 8864, Biodiesel and Renewable Diesel Fuels Credit.
- Form 8896, Low Sulfur Diesel Fuel Production Credit.
- 5884-A, Credits for Employers Affected by Hurricanes Katrina, Rita, or Wilma.

Line 40d—Credit for Prior Year Minimum Tax

Use Form 8801 to figure the minimum tax credit and any carryforward of that credit for trusts. For corporations, use Form 8827.

Line 42—Other Taxes

Recapture of investment credit. If property is disposed of, or ceases to be qualified property, before the end of the recapture period or the useful life applicable to the property, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Recapture of low-income housing credit. If the organization disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit, and section 42(j) for details.

Interest due under the look-back method. If the organization used the look-back method for certain long-term contracts, see Form 8697 for information on figuring the interest the organization may have to include. The organization may also have to include interest due under the look-back method for property depreciated under the income forecast method. See Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method.

Other. Additional taxes and interest amounts may be included in the total entered on line 42. Check the box for “Other” if the organization includes any of the taxes and interest discussed below. See *How to report*, below, for details on reporting these amounts on an attached schedule.

- Recapture of qualified electric vehicle (QEV) credit. The organization must recapture part of the QEV credit it claimed in a prior year if within 3 years of the date the vehicle was placed in service, it ceases to qualify for the credit. See Regulations section 1.30-1 for details on how to figure the recapture.
- Tax and interest on a nonqualified withdrawal from a capital construction fund (section 7518).
- Interest on deferred tax attributable to (a) installment sales of certain timeshares and residential lots (section 453(l)(3)) and (b) certain nondealer installment obligations (section 453A(c)).
- Interest due on deferred gain (section 1260(b)).
- If the organization makes the election to be taxed on its income from qualifying shipping activities, complete and attach Form 8902 to Form 990-T. See *Income from qualifying shipping activities* on page 8.

How to report. If the organization checked the “Other” box, attach a schedule showing the computation of each item included in the total for line 42. In addition, identify (a) the applicable Code section, (b) the type of tax or interest, and (c) enter the amount of tax or interest. For example, if the organization is reporting $100 of tax due from the recapture of the QEV credit, write “Section 30-QEV recapture tax-$100” on the attached schedule.

Line 43—Total Tax

Include any deferred tax on the termination of a section 1294 election applicable to shareholders in a qualified electing fund in the amount entered on line 43. See Form 8621, Part V, and *How to report*, below.

Subtract from the total entered on line 43 any deferred tax on the corporation’s share of undistributed earnings of a qualified electing fund (see Form 8621, Part II).

How to report. Attach a schedule showing the computation of each item included in, or subtracted from, the total on line 43. On the dotted line next to line 43, specify (a) the applicable Code section, (b) the type of tax, and (c) enter the amount of tax.

Line 44b—Estimated Tax

Enter the total estimated tax payments made for the tax year.

If an organization is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the organization’s share of the estimated tax payment in the total amount entered here. In the entry space to the left of line 44b, write “T” and the amount attributable to it.

Line 44d—Foreign Organizations

Enter the tax withheld on unrelated business taxable income from U.S. sources that is not effectively connected with the conduct of a trade or business within the United States. Attach Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, or other form which verifies the withheld tax reported on line 44d.

Line 44e—Backup Withholding

Recipients of dividend or interest payments must generally certify their correct tax identification number to the bank or other payer on Form W-9. If the payer does not get this information, it must withhold part of the payments as “backup withholding.” If your organization was subject to erroneous backup withholding because the payer did not realize you were an exempt organization and not subject to this withholding, you can claim credit for the amount withheld by including it on line 44e. See *Backup withholding* under *Which Parts To Complete* on page 5.

Line 44f—Other Credits and Payments

Check the appropriate box(es) and enter:

- From Form 2439, the credit from regulated investment company (RIC) or real estate investment trust (REIT). Also, attach Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains. If you are filing a composite Form 990-T, see *Composite Form 990-T* under *Which Parts To Complete* on page 5 of these instructions.
- From Form 4136, the credit for federal tax paid on fuels. Also, attach Form 4136, Credit for Federal Tax Paid on Fuels, if the organization qualifies to take this credit.
- The credit for ozone-depleting chemicals. Include any credit the organization is claiming under section 4682(g) for taxes paid on chemicals used as propellants in metered-dose inhalers.

After entering these amounts in the appropriate spaces, add them all together and enter the total on line 44f.

TIP *Form 8849, Claim for Refund of Excise Taxes, may be used to claim a periodic refund of excise taxes instead of waiting to claim a credit on Form 4136. See the instructions for Form 8849 and Pub. 378, Fuel Tax Credits and Refunds, for more information.*

Line 47—Tax Due

Domestic organizations owing less than $500 and foreign organizations that do not have an office or place of business in the United States should enclose a check or money order (in U.S. funds), made payable to the “United States Treasury,” with Form 990-T.

Domestic organizations owing $500 or more and foreign organizations with an office or place of business in the United

States should see *Depository Method of Tax Payment* on page 3.

Part V—Statements Regarding Certain Activities and Other Information

Complete all items in Part V.

Line 1. Check "Yes" if either 1 or 2 below applies:

1. At any time during the year the organization had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account); and

a. The combined value of the accounts was more than $10,000 at any time during the year; and

b. The accounts were not with a U.S. military banking facility operated by a U.S. financial institution.

2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

If the "Yes" box is checked, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the organization is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). The organization can obtain Form TD F 90-22.1 from the IRS Forms Distribution Center or by calling 1-800-TAX-FORM (1-800-829-3676) or by downloading it from the IRS website at *www.irs.gov*. If the organization is required to file this form, file it by June 30, 2006, with the Department of the Treasury at the address shown on the form. Do not file it with the IRS or attach it to Form 990-T.

Line 2. The organization may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, if:

- It directly or indirectly transferred money or property to a foreign trust. For this purpose, any U.S. person who created a foreign trust is considered a transferor.
- It is treated as the owner of any part of the assets of a foreign trust under the grantor trust rules.
- It received a distribution from a foreign trust.

For more information, see the instructions for Form 3520.

An owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner. For details, see the Instructions for Form 3520-A.

Line 3. Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Signature

Corporations. The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign. Receivers, trustees, or assignees must also sign and date any return filed on behalf of the organization.

Trusts. The return must be signed and dated by the individual fiduciary, or by the authorized officer of the trust receiving or having custody or control and management of the income of the trust. If two or more individuals act jointly as fiduciaries, any one of them may sign.

Special rule for IRA trusts. A trustee of IRA trusts may use a facsimile signature if all of the following conditions are met:

- Each group of returns sent to the IRS must be accompanied by a letter signed by the person authorized to sign the returns declaring, under penalties of perjury, that the facsimile signature appearing on the returns is the signature adopted by that person to sign the returns filed and that the signature was affixed to the returns by that person or at that person's direction.
- The letter must also list each return by the name and EIN of the IRA trust.
- After the facsimile signature is affixed, no entries on the return may be altered other than to correct discernible arithmetic errors.
- A manually signed copy (of the letter submitted to the IRS with the returns and a record of any arithmetic errors corrected) must be retained on behalf of the IRA trusts listed in the letter and it must be available for inspection by the IRS.

Paid preparer. If an officer of the organization filled in its return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the organization, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare the organization's tax return must sign it and fill in the "Paid Preparer's Use Only" area.

The paid preparer must complete the required preparer information:

- Sign the return in the space provided for the preparer's signature.
- Give a copy of the return to the organization.

Note. A paid preparer may sign original returns, amended returns or requests for filing extensions by rubber stamp, mechanical device or computer software program.

Paid Preparer Authorization. If the organization wants to allow the IRS to discuss its 2005 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of its return. It does not apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the organization is authorizing the IRS to call the paid preparer to:

- Give the IRS any information that is missing from its return,
- Call the IRS for information about the processing of its return or the status of its refund or payment(s), and
- Respond to certain IRS notices that the organization has shared with the preparer about a math error, offsets, and return preparation. The notices will not be sent to the preparer.

The organization is not authorizing the paid preparer to receive any refund check, bind the organization to anything (including any additional tax liability), or otherwise represent the organization before the IRS. If the organization wants to expand the paid preparer's authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (excluding extensions) for filing the 2006 Form 990-T.

Schedule A—Cost of Goods Sold

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1.

However, if the organization is a qualifying taxpayer or a qualifying small business taxpayer, it may adopt or change its accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental (unless its business is a tax shelter (as defined in section 448(d)(3))).

A qualifying taxpayer is a taxpayer that, for each prior tax year ending after December 16, 1998, has average annual gross receipts of $1 million or less for the 3-tax-year period ending with that prior tax year.

A qualifying small business taxpayer is a taxpayer (a) that, for each prior tax year ending on or after December 31, 2000, has average annual gross receipts of $10 million or less for the 3-tax-year period ending with that prior tax year, and (b) whose principle business activity is not an ineligible activity.

Under this accounting method, inventory cost for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year the organization paid for the raw materials or merchandise, if it is also using the cash method). For additional guidance on this method of accounting for inventoriable items, see Pub. 538 and the Instructions for Form 3115.

Enter amounts paid for all raw materials and merchandise during the tax year on line 2. The amount the organization can deduct for the tax year is figured on line 7.

All filers not using the cash method of accounting should see Section 263A uniform capitalization rules in the instructions for *Limitations on Deductions* on page 9 before completing Schedule A. The instructions for lines 4a, 4b, and 6 below apply to Schedule A.

Inventory valuation methods. Inventories can be valued at:

1. Cost as described in Regulations section 1.471-3,
2. Lower of cost or market as described in Regulations section 1.471-4, or
3. Any other method approved by the IRS that conforms to the requirements of the applicable regulations cited below.

However, if the organization is using the cash method of accounting, it is required to use cost.

A small producer is one whose average annual gross receipts are $1 million or less. Small producers that account for inventories in the same manner as materials and supplies that are not incidental may currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

The average cost (rolling average) method of valuing inventories generally does not conform to the requirement of the regulations. See Rev. Rul. 71-234, 1971-1 C.B. 148.

Organizations that use erroneous valuation methods must change to a method permitted for federal income tax purposes. File Form 3115 to make this change.

Inventory may be valued below cost when the merchandise is unsalable at normal prices, or unusable in the normal way because the goods are subnormal because of damage, imperfections, shop wear, etc., within the meaning of Regulations section 1.471-2(c). The goods may be valued at the current bona fide selling price, minus direct cost of disposition (but not less than scrap value) if such a price can be established.

If this is the first year the Last-in First-out (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970.

If the organization changed or extended its inventory method to LIFO and had to write up the opening inventory to cost in the year of election, report the effect of this write up as other income (line 12, page 1) proportionately over a 3-year period that begins in the tax year the LIFO election was made (section 472(d)).

Schedule A, line 1. If the organization is changing its method of accounting to no longer account for inventories, it must refigure last year's closing inventory using the new method of accounting and enter the result on line 1. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring the organization's section 481(a) adjustment (explained on page 6).

Schedule A, line 4a. An entry is required on this line only for organizations that have elected a simplified method of accounting.

For organizations that have elected the simplified production method, additional section 263A costs are generally those costs, other than interest, that are now required to be capitalized under section 263A but that were not capitalized under the organization's method of accounting immediately prior to the effective date of section 263A. For details, see Regulations section 1.263A-2(b).

For organizations that have elected the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing; purchasing; handling, such as processing, assembling, repackaging, and transporting; and general and administrative costs (mixed service costs). For details, see Regulations section 1.263A-3(d).

Enter on line 4a the balance of section 263A costs paid or incurred during the tax year not included on lines 2 and 3.

Schedule A, line 4b. Enter on line 4b any costs paid or incurred during the tax year not entered on lines 2 through 4a.

Schedule A, line 6. See Regulations sections 1.263A-1 through 1.263A-3 for details on figuring the amount of additional section 263A costs to be included in ending inventory.

If the organization accounts for inventories in the same manner as materials and supplies that are not incidental, enter on line 6 the portion of its raw materials and merchandise purchased for resale that are included on line 5 and were not sold during the year.

Schedule C—Rent Income

Section 501(c)(7), (9), and (17) organizations, enter gross rents on Part I, line 6, and applicable expenses on Part II, lines 14 through 28. All rents except those that are exempt function income must be included.

All organizations that have applicable rent income, other than section 501(c)(7), (9), and (17) organizations, should complete Schedule C on page 3 of the return. For organizations other than section 501(c)(7), (9), and (17) organizations, only the following rents are taxable in Part I, line 6:

1. Rents from personal property leased with real property, if the rents from the personal property are more than 10% of the total rents received or accrued under the lease, determined at the time the personal property is placed in service.
2. Rents from real and personal property if:

   a. More than 50% of the total rents received or accrued under the lease are for personal property; or

   b. The amount of the rent depends on the income or profits derived by any person from the property leased (except an amount based on a fixed percentage of receipts or sales).

A redetermination of the percentage of rent for personal property is required when either:

1. There is an increase of 100% or more by the placing of additional or substitute personal property in service; or
2. There is a modification of the lease that changes the rent charged.

Rents from both real and personal property not taxable in Part I, line 6, may be taxable on line 8 if the income is from a controlled organization or on line 7 if the property is debt-financed. Taxability of the rents must be considered in that order; that is, rents not taxed on line 6 may be taxed on line 8 and rents not taxed on line 6 or line 8 may be taxed on line 7.

Rents from personal property that is not leased with real property should be reported on line 12 of Part I.

See Form 8582 (for trusts) or Form 8810 (for corporations) and section 469 for limitations on losses from rental activities.

Schedule E—Unrelated Debt-Financed Income

Schedule E applies to all organizations except sections 501(c)(7), (9), and (17) organizations.

When debt-financed property is held for exempt purposes and other purposes, the organization must allocate the basis, debt, income, and deductions among the purposes for which the property is held. Do not include in Schedule E amounts allocated to exempt purposes.

CAUTION *For section 514 purposes, do not treat an interest in a qualified state tuition program (QSTP) as debt. However, a QSTP's investment income is treated as debt-financed income if the QSTP incurs indebtedness when acquiring or improving income-producing property.*

Column 1—Description of debt-financed property. Any property held to produce income is debt-financed property if at any time during the tax year there was acquisition indebtedness outstanding for the property. When any property held for the production of income by an organization is disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding for that property at any time during the 12-month period before the date of disposition, the property is debt-financed property. Securities purchased on margin are considered debt-financed property if the liability incurred in purchasing them remains outstanding.

Acquisition indebtedness is the outstanding amount of principal debt incurred by the organization to acquire or improve the property:

1. Before the property was acquired or improved, if the debt was incurred because of the acquisition or improvement of the property; or
2. After the property was acquired or improved, if the debt was incurred because of the acquisition or improvement, and the organization could reasonably foresee the need to incur the debt at the time the property was acquired or improved.

With certain exceptions, acquisition indebtedness does not include debt incurred by:

1. A qualified (section 401) trust in acquiring or improving real property. See section 514(c)(9) for more details.
2. A tax-exempt school (section 170(b)(1)(A)(ii)) and its affiliated support organizations (section 509(a)(3)) for indebtedness incurred after July 18, 1984.
3. An organization described in section 501(c)(25) in tax years beginning after December 31, 1986.
4. An obligation, to the extent that it is insured by the Federal Housing Administration, to finance the purchase, rehabilitation, or construction of housing for low and moderate income persons, or indebtedness incurred by a small business investment company licensed after October 22, 2004, under the Small Business Investment Act of 1958 if such indebtedness is evidenced by a debenture issued by such company under section 303(a) of that Act, and held or guaranteed by the Small Business Administration (see section 514(c)(6)(B) for limitations).

See Pub. 598 for additional exceptions to the rules for debt-financed property.

Column 2. Income is not unrelated debt-financed income if it is otherwise included in unrelated business taxable income. For example, do not include rents from personal property shown in Schedule C, or rents and interest from controlled organizations shown in Schedule F.

Column 4. Average acquisition indebtedness for any tax year is the average amount of the outstanding principal debt during the part of the tax year the property is held by the organization. To figure the average amount of acquisition debt, determine the amount of the outstanding principal debt on the first day of each calendar month during that part of the tax year that the organization holds the property. Add these amounts together, and divide the result by the total number of months during the tax year that the organization held the property. See section 514(a) and the related regulations for property acquired for an indeterminate price.

Column 5. The average adjusted basis for debt-financed property is the average of the adjusted basis of the property on the first and last days during the tax year that the organization holds the property. Determine the adjusted basis of property under section 1011. Adjust the basis of the property by the depreciation for all earlier tax years, whether or not the organization was exempt from tax for any of these years. Similarly, for tax years during which the organization is subject to tax on unrelated business taxable income, adjust the basis of the property by the entire amount of allowable depreciation, even though only a part of the deduction for depreciation is taken into account in figuring unrelated business taxable income.

If no adjustments to the basis of property under section 1011 apply, the basis of the property is cost.

See section 514(d) and the related regulations for the basis of debt-financed property acquired in a complete or partial liquidation of a corporation in exchange for its stock.

Column 7. The amount of income from debt-financed property included in unrelated trade or business income is figured by multiplying the property's gross income by the percentage obtained from dividing the property's average acquisition indebtedness for the tax year by the property's average adjusted basis during the period it is held in the tax year. This percentage cannot be more than 100%.

Column 8. For each debt-financed property, deduct the same percentage (as determined above) of the total deductions that are directly connected to the income (including the dividends-received deductions allowed by sections 243, 244, and 245). However, if the debt-financed property is depreciable property, figure the depreciation deduction by the straight line method only, and enter the amount in column 3(a).

For each debt-financed property, attach schedules showing separately a computation of the depreciation deduction (if any) reported in column 3(a) and a breakdown of the expenses included in column 3(b). Corporations owning stock that is unrelated debt-financed property should see Schedule C (Dividends and Special Deductions) of Form 1120, U.S. Corporation Income Tax Return, to determine the dividends-received deductions to include in column 3(b).

Enter on the last line of Schedule E, the total dividends-received deductions (after reduction, when applicable, by the debt-basis percentage(s)) included in column 8.

When a capital loss for the tax year may be carried back or carried over to another tax year, the amount to carry over or back is figured by using the percentage determined above. However, in the year to which the amounts are carried, do not apply the debt-basis percentage to determine the deduction for that year.

Example 1. An exempt organization owns a four-story building. Two floors are used for an exempt purpose and two floors are rented (as an unrelated trade or business) for $10,000. Expenses are $1,000 for depreciation and $5,000 for other expenses that relate to the entire building. The average acquisition indebtedness is $6,000, and the average adjusted basis is $10,000. Both apply to the entire building.

To complete Schedule E for this example, describe the property in column 1. Enter $10,000 in column 2 (since the entire amount is for debt-financed property), $500 and $2,500 in columns 3(a) and 3(b), respectively (since only one-half of the expenses are for the debt-financed property), $3,000 and $5,000 in columns 4 and 5, respectively (since only one-half of the acquisition indebtedness and the average adjusted basis are for debt-financed property), 60% in column 6, $6,000 in column 7, and $1,800 in column 8.

Example 2. Assume the same facts as in *Example 1*, except the entire building is rented out as an unrelated trade or business for $20,000. To complete Schedule E for this example, enter $20,000 in column 2, $1,000 and $5,000 in columns 3(a) and 3(b), respectively (since the entire amount is for debt-financed property), $6,000 and $10,000 in columns 4 and 5 (since the entire amount is for debt-financed property), 60% in column 6, $12,000 in column 7, and $3,600 in column 8.

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations

Interest, annuities, royalties, and rents received or accrued (directly or indirectly) by a controlling organization from a controlled organization are subject to tax, whether or not the activity conducted by the controlling organization to earn these amounts is a trade or business or is regularly carried on.

Controlled Organization

An entity is a "controlled organization" if the controlling organization owns:

- By vote or value more than 50% of a corporation's stock (for an organization that is a corporation);
- More than 50% of a partnership's profits or capital interests (for an organization that is a partnership); or
- More than 50% of the beneficial interests in an organization (for an organization other than a corporation or partnership).

To determine the ownership of stock in a corporation, apply the principles of section 318 (constructive ownership of stock). Apply similar principles to determine the ownership of interests in a partnership or any other organization.

Specified payment. Specified payment means any payment of interest, annuity, royalty, or rent. Include the specified payment in gross income to the extent that the payment reduces the net unrelated income (or increases the net unrelated loss) of the controlled organization.

If any part of a specified payment is included in gross income, Schedule F must be completed.

Net unrelated income. Net unrealized income means:
- For a controlled organization that is exempt from tax under section 501(a), the unrelated business taxable income of the controlled organization.
- For a controlled organization that is not exempt from tax under section 501(a), the part of the controlled organization's taxable income that would be unrelated business taxable income if the controlled organization was tax exempt under section 501(a) and had the same tax-exempt purpose as the controlling organization.

Net unrelated loss. Net unrealized loss means the net operating loss using rules similar to those discussed under Net unrelated income.

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income includes all gross income from nonmembers with certain modifications. See section 512(a)(3)(A). Report on Schedule G all income from investments in securities and other similar investment income from nonmembers, including 100% of income and directly connected expenses from debt-financed property. Do not report nonmember income from debt-financed property on Schedule E.

All section 501(c)(7), (9), and (17) organizations figure their investment income using Schedule G. Do not include interest on state and local governmental obligations described in section 103(a).

Investment income includes all income from debt-financed property.

Deduct only those expenses that are directly connected to the net investment income. Allocate deductions between exempt activities and other activities where necessary. The organization may not take the dividends-received deductions in figuring net investment income because they are not treated as directly connected with the production of gross income.

Section 501(c)(7), (9), and (17) organizations may set aside income that would otherwise be taxable under section 512(a)(3). However, income derived from an unrelated trade or business may not be set aside and thus cannot be exempt function income. In addition, any income set aside and later expended for other purposes must be included in income.

Sections 501(c)(7), (9), and (17) organizations will not be taxed on income set aside for:

1. Religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;
2. The payment of life, sick, accident, or other benefits by a section 501(c)(9) or (17) organization. The amount allowed as a set aside may not exceed a limit determined using section 419A. See sections 419A and 512(a)(3)(E) for details;
3. Reasonable administration costs directly connected with 1 and 2 above.

Report income set aside in column 4 of Schedule G. Amounts set aside are not deductible under section 170 or any other section of the Code.

The organization may elect to treat income set aside by the date for filing the return, including any extensions of time, as income set aside in the tax year for which the return is filed. The income set aside must have been includible in gross income for that earlier tax year.

Although set aside income may be accumulated, any accumulation that is unreasonable will be evidence that the set aside was not for the purposes described above.

Net investment income set aside must be specifically earmarked as such, or placed in a separate account or fund (except for an employees' association which, by the terms of its governing instrument, must use its net investment income for the purposes stated in 2 above).

These rules apply to a corporation described in section 501(c)(2) (title holding corporation) whose income is payable to an organization described in section 501(c)(7), (9), or (17) if it files a consolidated return with the section 501(c)(7), (9), or (17) organization.

If a section 501(c)(7), (9), or (17) organization (or a title holding corporation described above) sells property that was used for the exempt function of the section 501(c)(7), (9), or (17) organization, and buys other property used for the organization's exempt function within a period beginning 1 year before the date of the sale, and ending 3 years after the date of the sale, the gain from the sale will be recognized only to the extent that the sales price of the old property is more than the cost of the other property. The other property need not be similar in type or use to the old property. The organization must notify the IRS of the sale by a statement attached to the return, or other written notice.

To compute the gain on the sale of depreciable property, see the instructions for column 5 of Schedule E to determine the adjusted basis of the property.

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

A section 501(c)(7), (9), or (17) organization does not report exploited exempt activity income in Schedule I. Report the income in Part I, line 1a instead, or the appropriate line for the particular kind of income.

Exempt organizations (other than section 501(c)(7), (9), or (17) organizations) that have gross income from an unrelated trade or business activity that exploits an exempt activity (other than advertising income) should complete Schedule I. See Regulations section 1.513-1(d)(4)(iv) for a definition of exploited exempt activity.

An organization may take all deductions directly connected with the gross income from the unrelated trade or business activity. In addition, the organization may take into account all deductible items attributable to the exploited exempt activity, with the following limitations:

1. Reduce the deductible items of the exempt activity by the income from the activity;
2. Limit the net amount of deductible items arrived at in 1 above for the exempt activity to the net unrelated business income from the exploited exempt activity;
3. Exclude income and expenses of the exempt activity in figuring a loss carryover or carryback from the unrelated trade or business activity exploiting the exempt activity; and
4. Exclude deductible items of the exempt activity in figuring unrelated trade or business income from an activity that is not exploiting the same exempt activity.

Therefore, the net includible exploited exempt activity income is the unrelated business taxable income minus the excess of the exempt activity expenses over the exempt activity income. If the income from the exempt activity exceeds the exempt activity expenses, do not add that profit to the net income from the unrelated business activity. If two or more unrelated trade or business activities exploit the same exempt activity, treat those activities as one on Schedule I. Attach a separate schedule showing the computation.

Schedule J—Advertising Income

A section 501(c)(7), (9), or (17) organization does not report advertising income on Schedule J. Instead, report that income in Part I, line 1a.

An exempt organization (other than a section 501(c)(7), (9), or (17) organization) that earned gross income from the sale of advertising in an exempt organization periodical must complete

Schedule J. The part of the advertising income taken into account is determined as follows:

1. If direct advertising costs (expenses directly connected with advertising income) are more than advertising income (unrelated business income), deduct that excess in figuring unrelated business taxable income from any other unrelated trade or business activity carried on by the organization.

2. If advertising income is more than direct advertising costs, and circulation income (exempt activity income) equals or exceeds readership costs (exempt activity expenses), then unrelated business taxable income is the excess of advertising income over direct advertising costs.

3. If advertising income is more than direct advertising costs, and readership costs are more than circulation income, then unrelated business taxable income is the excess of total income (advertising income and circulation income) over total periodical costs (direct advertising costs and readership costs).

4. If the readership costs are more than the circulation income, and the net readership costs are more than the excess of advertising income over direct advertising costs, no loss is allowable. See Regulations section 1.512(a)-1(f)(2)(ii)(b).

For allocating membership receipts to circulation income, see Rev. Rul. 81-101, 1981-1 C.B. 352.

Consolidated periodicals. If an organization publishes two or more periodicals, it may elect to treat the gross income for all (but not less than all) periodicals, and deductions directly connected with those periodicals (including excess readership costs), as if the periodicals were one to determine its unrelated business taxable income. This rule only applies to periodicals published for the production of income. A periodical is considered published for the production of income if gross advertising income of the periodical is at least 25% of the readership costs, and the periodical is an activity engaged in for profit.

Schedule K—Compensation of Officers, Directors, and Trustees

Complete columns 1 through 4, Schedule K, for those officers, directors, and trustees whose salaries or other compensation are allocable to unrelated business gross income. Do not include in column 4 compensation that is deducted on lines 15, 28, or Schedules A through J of Form 990-T.

Include on Schedule K (or elsewhere on the return) only compensation that is directly attributable to the unrelated trade or business activities of the organization. If personnel is used both to carry on exempt activities and to conduct unrelated trade or business activities, the salaries and wages of those individuals will be allocated between the activities. For example, assume an exempt organization derives gross income from the conduct of certain unrelated trade or business activities. The organization pays its president a salary of $65,000 a year. Ten percent of the president's time is devoted to the unrelated business activity. On Form 990-T, the organization enters $6,500 (10% of $65,000) on Schedule K for the part of the president's salary allocable to the unrelated trade or business activity. However, the remaining $58,500 (90% of $65,000) cannot be deducted on Form 990-T because it is not directly attributable to the organization's unrelated trade or business activities.

If taxable fringe benefits are provided to your employees, such as personal use of a car, do not deduct as salaries and wages the amounts you deducted for depreciation and other deductions.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	67 hr., 26 min.
Learning about the law or the form	27 hr., 10 min.
Preparing the form	43 hr., 25 min.
Copying, assembling, and sending the form to the IRS	4 hr., 1 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the Form 990-T to this address. Instead, see *Where To File* on page 3.

Codes for Unrelated Business Activity

(If engaged in more than one unrelated business activity, select up to two codes for the principal activities. List first the largest in terms of gross unrelated income, then the next largest. Be sure to classify your unrelated activities, rather than your related activities. For example, code income from advertising in publications as 541800, Advertising and related services, rather than selecting a code describing a printing or publishing activity. Also, if possible, select a code that more specifically describes your unrelated activity, rather than a code for a more general activity.)

AGRICULTURE, FORESTRY, HUNTING, AND FISHING

Code	
110000	Agriculture, forestry, hunting, and fishing
111000	Crop production

MINING

Code	
211110	Oil and gas extraction
212000	Mining (except oil and gas)

UTILITIES

Code	
221000	Utilities

CONSTRUCTION

Code	
230000	Construction
236000	Construction of buildings

MANUFACTURING

Code	
310000	Manufacturing
323100	Printing and related support activities
339110	Medical equipment and supplies manufacturing

WHOLESALE TRADE

Code	
423000	Merchant wholesalers, durable goods
424000	Merchant wholesalers, nondurable goods

RETAIL TRADE

Code	
441100	Automobile dealers
442000	Furniture and home furnishings stores
443120	Computer and software stores
444100	Building materials and supplies dealers
445100	Grocery stores
445200	Specialty food stores
446110	Pharmacies and drug stores
446199	All other health and personal care stores
448000	Clothing and clothing accessories stores
451110	Sporting goods stores
451211	Book stores
452000	General merchandise stores
453000	Miscellaneous store retailers
453220	Gift, novelty, and souvenir stores
453310	Used merchandise stores
454110	Electronic shopping and mail-order houses

TRANSPORTATION AND WAREHOUSING

Code	
480000	Transportation
485000	Transit and ground passenger transportation
493000	Warehousing and storage

INFORMATION

Code	
511110	Newspaper publishers (except Internet)
511120	Periodical publishers (except Internet)
511130	Book publishers (except Internet)
511140	Directory and mailing list publishers (except Internet)
511190	Other publishers (except Internet)
512000	Motion picture and sound recording industries
515100	Radio and television broadcasting (except Internet)
516110	Internet publishing and broadcasting
517000	Telecommunications (including paging, cellular, satellite, cable, and other telecommunications)
518111	Internet service providers
518112	Web search portals
518210	Data processing, hosting, and related services
519100	Other information services

FINANCE AND INSURANCE

Code	
522100	Depository credit intermediation (including commercial banking, savings institutions, and credit unions)
522200	Nondepository credit intermediation (including credit card issuing and sales financing)
523000	Securities, commodity contracts, and other financial investments and related activities
524113	Direct life insurance carriers
524114	Direct health and medical insurance carriers
524126	Direct property and casualty insurance carriers
524292	Third-party administration of insurance and pension funds
524298	All other insurance-related activities
525100	Insurance and employee benefit funds
525920	Trusts, estates, and agency accounts
525990	Other financial vehicles

REAL ESTATE AND RENTAL AND LEASING

Code	
531110	Lessors of residential buildings and dwellings
531120	Lessors of nonresidential buildings (except miniwarehouses)
531190	Lessors of other real estate property
531310	Real estate property managers
531390	Other activities related to real estate
532000	Rental and leasing services
532420	Office machinery and equipment rental and leasing
533110	Lessors of nonfinancial intangible assets (except copyrighted works)

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

Code	
541100	Legal services
541200	Accounting, tax preparation, bookkeeping, and payroll services
541300	Architectural, engineering, and related services
541380	Testing laboratories
541511	Custom computer programming services
541519	Other computer-related services
541610	Management consulting services
541700	Scientific research and development services
541800	Advertising and related services
541860	Direct mail advertising
541900	Other professional, scientific, and technical services

MANAGEMENT OF COMPANIES AND ENTERPRISES

Code	
551111	Offices of bank holding companies
551112	Offices of other holding companies

ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES

Administrative and Support Services

Code	
561000	Administrative and support services
561300	Employment services
561439	Other business service centers (including copy shops)
561499	All other business support services
561500	Travel arrangement and reservation services
561520	Tour operators
561700	Services to buildings and dwellings

Waste Management and Remediation Services

Code	
562000	Waste management and remediation services (sanitary services)

EDUCATIONAL SERVICES

Code	
611600	Other schools and instruction (other than elementary and secondary schools or colleges and universities, which should select a code to describe their unrelated activities)
611710	Educational support services

HEALTHCARE AND SOCIAL ASSISTANCE

Code	
621110	Offices of physicians
621300	Offices of other health practitioners
621400	Outpatient care centers
621500	Medical and diagnostic laboratories
621610	Home health care services
621910	Ambulance services
621990	All other ambulatory health care services
623000	Nursing and residential care facilities
623990	Other residential care facilities
624100	Individual and family services
624200	Community food and housing, and emergency and other relief services
624310	Vocational rehabilitation services
624410	Child day care services

ARTS, ENTERTAINMENT, AND RECREATION

Code	
711110	Theater companies and dinner theaters
711120	Dance companies
711130	Musical groups and artists
711190	Other performing art companies
711210	Spectator sports (including sports clubs and racetracks
711300	Promoters of performing arts, sports, and simiilar events
713110	Amusement and theme parks
713200	Gambling industries
713910	Golf courses and country clubs
713940	Fitness and recreational sports centers
713990	All other amusement and recreation industries (including skiing facilities, marinas, and bowling centers)

ACCOMMODATION AND FOOD SERVICES

Code	
721000	Accomodation
721110	Hotels (except casino hotels) and motels
721210	RV (recreational vehicle) parks and recreational camps
721310	Rooming and boarding houses
722100	Full-service restaurants
722210	Limited-service eating places
722320	Caterers
722410	Drinking places (alcoholic beverages)

OTHER SERVICES

Code	
811000	Repair and maintenance
812300	Drycleaning and laundry services
812900	Other personal services
812930	Parking lots and garages

OTHER

Code	
900000	Unrelated debt-financed activities other than rental of real estate
900001	Investment activities of section 501(c)(7), (9), or (17) organizations
900002	Rental of personal property
900003	Passive income activities with controlled organizations
900004	Exploited exempt activities

2005

Department of the Treasury
Internal Revenue Service

Instructions for Form 4720

Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code (Sections 170(f)(10), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, and 4958)

Section references are to the Internal Revenue Code unless otherwise noted.

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Phone Help

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General Instructions

Purpose of Form

Use Form 4720 to figure and pay:

- The initial taxes on private foundations, foundation managers, and self-dealers under sections 4941 through 4945 for self-dealing, failure to distribute income, excess business holdings, investments that jeopardize charitable purpose, and taxable expenditures;
- The section 4911 tax on excess lobbying expenditures by public charities that have elected to be subject to section 501(h) regarding expenditures to influence legislation (Private foundations and section 4947(a) trusts are not eligible to make this election.);
- The section 4912 tax on excess lobbying expenditures that result in loss of section 501(c)(3) tax-exempt status;
- The section 4955 tax imposed on any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in any political campaign on behalf of, or in opposition to, any candidate for public office;
- The section 4958 initial taxes on disqualified persons and organization managers of section 501(c)(3) (except private foundations) and section 501(c)(4) organizations that engage in excess benefit transactions; and
- The section 170(f)(10) tax on any premiums paid on a personal benefit contract in connection with a transfer to an organization or charitable remainder trust for which a charitable deduction is not allowed to the transferor.

Who Must File

Private foundations and section 4947(a) trusts. Generally, Form 4720 must be filed by all organizations, including foreign organizations, that answered "Yes" to question 1b, 1c, 2b, 3b, 4a, 4b, or 5b in Part VII-B of Form 990-PF; or "Yes" to question 1b, 1c, 3b, 4a, 4b, or 5b in Part VI-B of Form 5227. A trust described in section 4947(a)(2) is considered a private foundation insofar as it is subject to Chapter 42 provisions.

Public charities making excess lobbying expenditures. Public charities that made the election under section 501(h) and owe tax on excess lobbying expenditures as figured on Schedule A (Form 990 or 990-EZ), Part VI-A, must file Form 4720 to report the liability and pay the tax (Schedule G).

Certain organizations (and possibly their managers) whose section 501(c)(3) status is revoked because of excess lobbying activities are subject to a 5% excise tax on their lobbying expenditures.

Organizations making political expenditures. All section 501(c)(3) organizations that make a political expenditure must file Form 4720 to report the liability and pay the tax. Organization managers may report any first tier tax they owe on Schedule F of Form 4720. (See Schedule F instructions for the definition of political expenditures.)

Charitable organizations that make certain premium payments on personal benefit contracts. Form 4720 must be filed by any organization described in section 170(c) or section 664(d) that answered "Yes" to question (b) in Part X of Form 990, question 6b in Part VII-B of Form 990-PF, or question 6b in Part VI-B of Form 5227.

Self-dealers, disqualified persons, foundation managers, and organization managers. If you are a self-dealer, disqualified person, foundation manager, or organization manager and you have the same tax year as the foundation or organization, you may report any first tier tax you owe on the Form 4720 filed by the foundation or organization. Managers, self-dealers, and disqualified persons who do this are responsible for the parts that relate to taxes they owe and should include their own check or money order, payable to the United States Treasury, with the return.

Self-dealers, disqualified persons, foundation managers, and organization managers who owe tax under Chapter 41 or 42 and do not have the same tax year or do not sign the return of the foundation or organization must file a separate return on Form 4720 showing the tax owed and the name of the foundation or organization for which you owe tax. If you file a separate Form 4720, enter your tax year at the top of the form. Enter your name, address, and taxpayer identification number in Part II-A. Complete all the information the form requires, to the extent possible, that applies to your liability.

Where To File

To file Form 4720, mail or deliver it to:
Internal Revenue Service Center
Ogden, UT 84201-0027

When To File

Part I taxes. File Form 4720 by the due date (not including extensions) for filing the organization's Form 990-PF, Form 990, Form 990-EZ, or Form 5227.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Affiliated group member. For members of an affiliated group of organizations that have different tax years, and who are filing Form 4720 to report tax under section 4911, the tax year of the affiliated group is the calendar year, unless all members of the group elect under Regulations section 56.4911-7(e)(5) to make a member's year the group's tax year.

Part II taxes. If you are a manager, self-dealer, or disqualified person owing taxes under Chapter 41 or 42 and filing a separate Form 4720, and your tax year ends on the same date as the organization, you must file by the due date for filing Form 990-PF, Form 5227, Form 990, or Form 990-EZ of the organization for which you owe tax. If your tax year ends on a date different from that of the organization, you must file a Form 4720 by the 15th day of the 5th month after your tax year ends.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Extension

If you cannot file Form 4720 by the due date, you may request an automatic 3-month extension of time to file by using Form 8868, Application for Extension of Time To File an Exempt Organization Return. The automatic 3-month extension will be granted if you properly complete this form, file it, and pay any balance due by the due date for Form 4720.

Form 8868 is also used to request an additional extension of time to file; however, these extensions are not automatically granted.

Name, Address, etc.

The name, address, and employer identification number of the private foundation or public charity should be the same as shown on Form 990-PF, Form 5227, Form 990, Form 990-EZ, and Schedule A (Form 990 or 990-EZ). If you are a self-dealer, foundation manager, disqualified person, or organization manager filing a separate Form 4720, enter your name, address, and taxpayer identification number in Part II-A.

Include the suite, room, or other unit number after the street address.

If the Post Office does not deliver mail to the street address, show the P.O. box number instead of the street address.

If you want a third party (such as an accountant or an attorney) to receive mail for the foundation or charity, enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

Signature and Verification

If you are an organization manager, foundation manager, disqualified person, or self-dealer, you should sign only in the spaces that apply, whether you use the return of the foundation or organization as your return, or file separately.

If you are signing on behalf of the foundation or organization and also because of personal tax liability, you must sign twice. You sign:

1. On behalf of the foundation or organization, and
2. For your own personal tax liability.

For a corporation (or an association), the form may be signed by one of the following: president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer).

For a manager or self-dealer that is a partnership, Form 4720 is signed by a partner or partners authorized to sign the partnership return.

If the return is filed on behalf of a trust, the authorized trustee(s) must sign it.

A receiver, trustee, or assignee required to file any return on behalf of an individual, a trust, estate, partnership, association, company or corporation must sign the Form 4720 filed for these taxpayers.

Also, a person with a valid power of attorney may sign for the organization, foundation, manager, or self-dealer. Include a copy of the power of attorney with the return.

Any person, firm, or corporation that prepared the return for a fee must also sign it and fill in the address of the preparer. If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation.

Attachments

If you need more space, attach separate sheets showing the same information in the same order as on the printed form. Show the totals on the printed form.

Enter the organization's name and EIN on each sheet. Use sheets that are the same size as the form and indicate clearly the line of the printed form to which the information relates.

Organizations Organized or Created in a Foreign Country or U.S. Possession

Report all amounts in U.S. currency (state conversion rate used) and give information in English. Report items in total, including amounts and transactions from both inside and outside the United States.

Sections 4941 through 4945 and section 4955 do not apply to foreign private foundations that receive substantially all of their support (other than gross investment income) from sources outside the United States. These organizations must complete this form and file it in the same manner as other private foundations. However, these organizations as well as foundation managers and self-dealers, do not have to pay any tax that would otherwise be due on this return.

Tax Payments

Managers, self-dealers, and disqualified persons paying tax on the organization's Form 4720 must pay with the return the tax that applies to them as shown in Part II-A, page 1. Managers, self-dealers, and disqualified persons who file separate Forms 4720 must pay the applicable tax with their separate returns. When managers do not sign the organization's Form 4720 to report their own tax liability, the amount of tax they owe should not be entered in Part II-B, line 1.

Payment by a private foundation of any taxes owed by the foundation managers or self-dealers will result in additional taxes under the self-dealing and taxable expenditure provisions. Managers and self-dealers should pay taxes imposed on them with their own check or money order.

Disqualified persons and organization managers should pay taxes on excess benefit transactions that are imposed on them with their own check or money order. Any reimbursement of a disqualified person's tax liability from excess benefit transactions by the organization will be treated as an excess benefit transaction subject to the tax unless the organization included the reimbursement in the disqualified person's compensation and the disqualified person's total compensation was reasonable. See the instructions to Schedule I on page 7 for information on excess benefit transactions.

Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Penalties and Interest

There are penalties for failure to file or to pay tax. There are also penalties for willful failure to file, supply information or pay tax, and for filing fraudulent returns and statements, that apply to public charities, private foundations, managers, and self-dealers who are required to file this return. See sections 6651, 7203, 7206, and 7207. Also, see section 6684 for penalties that relate to tax liability under Chapter 42.

Interest at the underpayment rate established under section 6621 is charged for any unpaid tax. The interest on underpayments is in addition to any penalties.

Abatement

See section 4962 for rules on abatement, refund, or relief from payment of first tier taxes under sections 4942 through 4945, 4955, and 4958. To request abatement, refund, or relief under section 4962, write “Request for Abatement Under Section 4962” in the top margin of Form 4720, page 1.

Initial Tax Liability

If you pay an initial tax on self-dealing or on investments that jeopardize charitable purpose (figured on Schedules A and D of Form 4720, respectively) for tax year 2005, the payment may not satisfy the entire tax liability for an act of self-dealing or a jeopardy investment. (For the definition of self-dealing, see the instructions for Schedule A of this form; for the definition of jeopardy investment, see the instructions for Schedule D of this form.) Paying the tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the act or investment. Generally, the taxable period begins with the date of the act or investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the tax is assessed, whichever comes first.

Similar rules apply for the initial tax liability resulting from failing to distribute income (Schedule B) and from acquiring excess business holdings (Schedule C). Thus, the initial tax liability for those taxes continues to accrue until the date a notice of deficiency is mailed, the violation is corrected, or the tax is assessed, whichever comes first.

Completing the Schedules

Before completing any of the schedules in this return, read the applicable instructions. If any completed schedule shows taxes owed, enter them on page 1 of this return.

The instructions for Schedules A through F describe acts or transactions subject to tax under Chapter 42. Also, refer to Pub. 578, Tax Information for Private Foundations and Foundation Managers, for a list of exceptions that eliminate any tax liability that would otherwise be shown on Schedules A and E. Do not complete Schedules A and E if exceptions apply to all the acts or transactions. Question A on page 1 and Schedules A, B, C, D, and E do not apply to public charities.

Before completing Schedule C, determine whether the foundation has excess holdings in any business enterprise. If the foundation has holdings subject to the tax on excess business holdings, complete Schedule C for each enterprise.

Before completing Schedule D, determine whether the investment was program related. If not, complete Schedule D for each investment for which you answered “Yes” to Form 990-PF, Part VII-B, question 4a or b, or Form 5227, Part VI-B, question 4a or b.

Specific Instructions for Page 1

Question B. To avoid additional taxes and penalties under sections 4941 through 4945, 4955, and 4958, and in some cases further initial taxes on the foundation, organization, and related persons, a foundation, organization, disqualified person, or manager must correct the taxable event within the correction period. The taxable event is the act, failure to act, or transaction that resulted in the liability for initial taxes under these provisions.

Generally, the correction period begins on the date the event occurs and ends 90 days after the mailing date of a notice of deficiency, under section 6212, in connection with the second tier tax imposed on that taxable event. That time is extended by:
- Any period in which a deficiency cannot be assessed under section 6213(a) because a petition to the Tax Court for redetermination of the deficiency is pending, not extended by any supplemental proceeding by the Tax Court under section 4961(b), regarding whether correction was made, and
- Any other period the IRS determines is reasonable and necessary to correct the taxable event.

The taxable event will be treated as occurring:
- For the tax on failure to distribute income, on the first day of the tax year for which there was a failure to distribute income,
- For the tax on excess business holdings, on the first day on which there were excess business holdings, or
- In any other case, on the date the event occurred.

Generally, the term “correction” has the following meanings.

1. Section 4941 (Schedule A)—Undoing the transaction to the extent possible, but in any case placing the private foundation in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards.
2. Section 4942 (Schedule B)—Making sufficient qualifying distributions to compensate for deficient qualifying distributions for a prior tax year.
3. Section 4943 (Schedule C)—Action that results in the foundation no longer having excess business holdings in a business enterprise.
4. Section 4944 (Schedule D)—An investment is considered to be removed from jeopardy when the investment is sold or otherwise disposed of, and the proceeds of such sale or other disposition are not investments that jeopardize the carrying out of the foundation’s exempt purposes.
5. Section 4945 (Schedule E)—

a. Recovering part or all of the expenditure to the extent recovery is possible, and where full recovery is not possible, such additional corrective action as is prescribed by regulations, or

b. Obtaining or making the report in question for a case that fails to comply with section 4945(h)(2) or (3) (expenditure responsibility).

6. Section 4955 (Schedule F)—Recovering part or all of the expenditure to the extent recovery is possible, establishment of safeguards to prevent future political expenditures, and where full recovery is not possible, such additional corrective action as is prescribed by the regulations.
7. Section 4958 (Schedule I)—Undoing the excess benefit to the extent possible and taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person had been dealing under the highest fiduciary standards.

If, when the return is filed, the foundation, organization, managers, disqualified persons, or self-dealers have corrected any acts or transactions resulting in liability for tax under Chapter 42, answer “Yes” to question B and give the following information separately for each correction:
- Schedule and item number of the act or transaction that has been corrected,
- A description of the act or transaction that resulted in the tax,
- A detailed description of the correction made,
- The amount of any political expenditure recovered,
- Description of safeguards to prevent future political expenditures, and
- The date of correction.

For any acts or transactions the foundation, organization, managers, disqualified persons, or self-dealers have not corrected, give the following information separately for each act:
- Schedule and item number of the act or transaction that has not been corrected,
- A description of the act or transaction, and
- A detailed explanation of why correction has not been made and what steps are being taken to make the correction.

If you are correcting deficient distributions under section 4942 where an election under section 4942(h)(2) was filed with the IRS, provide a copy of the election. See the instructions for Form 990-PF, Part XIII, lines 4b and 4c for more information.

Part I

Line 8

TIP *If the organization has an entry on this line, it must also file Form 8870.*

Enter the total of all premiums paid by the organization on any personal benefit contract if the payment of premiums is in connection with a transfer for which a deduction is not allowed under section 170(f)(10)(A). Also, if there is an understanding or expectation that any person will directly or indirectly pay any premium on a personal benefit contract for the transferor, include those premium payments in the amount entered on this line.

A personal benefit contract is (to the transferor) any life insurance, annuity, or endowment contract that benefits directly or indirectly the transferor, a member of the transferor’s family, or any other person designated by the transferor (other than an organization described in section 170(c)).

For more information, see Notice 2000-24, 2000-17 I.R.B. 952.

Part II-A

Columns (a) and (b). List the names, addresses, and taxpayer identification number of all persons who owe tax in connection with the foundation or organization, whether as managers, self-dealers, or disqualified persons, as shown in Schedules A, D, E, F, H, and I.

Column (c). For each person listed in column (a), enter the sum of:

1. Taxes that person owes as a self-dealer, from Schedule A, Part II, column (d), and

2. Tax for acts of self-dealing in which the individual participated as a foundation manager, from Schedule A, Part III, column (d).

Column (d). Enter for each person listed in column (a) the tax on jeopardy investments from Schedule D, Part II, column (d), that the individual took part in as a foundation manager.

Column (e). Enter for each person listed in column (a) the tax on taxable expenditures from Schedule E, Part II, column (d), that the individual took part in as a foundation manager.

Column (f). Enter for each person listed in column (a) the tax on political expenditures from Schedule F, Part II, column (d), that the individual took part in as an organization or foundation manager.

Column (g). Enter for each person listed in column (a) the tax on disqualifying lobbying expenditures from Schedule H, Part II, column (d), that the individual took part in as an organization manager.

Column (h). For each person listed in column (a), enter the sum of:

1. Taxes that person owes as a disqualified person, from Schedule I, Part II, column (d), and
2. Tax on excess benefit transactions in which the organization manager participated knowing that the transaction was improper, from Schedule I, Part III, column (d).

A person's liability for tax as a self-dealer, manager, or disqualified person under sections 4912, 4941, 4944, 4945, 4955, and 4958 is joint and several. Therefore, if more than one person owes tax on an act as a manager, self-dealer, or disqualified person, they may apportion the tax among themselves. However, when all managers, self-dealers, or disqualified persons who are liable for tax on a particular transaction under sections 4912, 4941, 4944, 4945, 4955, or 4958 pay less than the total tax due on that transaction, then the IRS may charge the amount owed to one or more of them regardless of the tax apportionment shown on this return.

Schedule A—Initial Taxes on Self-Dealing

General Instructions

Requirement. All organizations that answered "Yes" to question 1b or 1c in Part VII-B of Form 990-PF, or "Yes" to question 1b or 1c in Part VI-B of Form 5227, must complete Schedule A. Complete Parts I, II, and III of Schedule A only in connection with acts that are subject to the tax on self-dealing.

Paying the tax and filing a Form 4720 is required for each year or part of a year in the taxable period that applies to the act of self-dealing. Generally, the taxable period begins with the date on which the self-dealing occurs and ends on the earliest of:

- The date a notice of deficiency is mailed under section 6212, in connection with the initial tax imposed on the self-dealer,
- The date the initial tax on the self-dealer is assessed, or
- The date correction of the act of self-dealing is completed.

Self-dealing. Self-dealing includes any direct or indirect:

- Sale, exchange, or leasing of property between a private foundation and a disqualified person (see definitions in Form 990-PF instructions),
- Lending of money or other extension of credit between a private foundation and a disqualified person,
- Furnishing of goods, services, or facilities between a private foundation and a disqualified person,
- Payment of compensation (or payment or reimbursement of expenses) by a private foundation to a disqualified person,
- Transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation, and
- Agreement by a private foundation to make any payment of money or other property to a government official (see Pub. 578, Chapter V), other than an agreement to employ or make a grant to that individual for any period after the end of government service if that individual will be ending government service within a 90-day period.

Exceptions to self-dealing. See Pub. 578 for a description of acts that are not considered self-dealing.

Initial taxes on self-dealer. An initial tax of 5% of the amount involved is charged for each act of self-dealing between a disqualified person and a private foundation for each year or part of a year in the taxable period. Any disqualified person (other than a foundation manager acting only as such) who takes part in the act of self-dealing must pay the tax.

Initial taxes on foundation managers. When a tax is imposed on a foundation manager for an act of self-dealing, the tax will be 2½% of the amount involved in the act of self-dealing for each year or part of a year in the taxable period. However, the total tax imposed for all years in the taxable period is limited to $10,000 for each act of self-dealing. The tax is imposed on any foundation manager who took part in the act knowing that it was self-dealing except those foundation managers whose participation was not willful and was due to reasonable cause. Any foundation manager who took part in the act of self-dealing must pay the tax.

Specific Instructions

Part I. List each act of self-dealing in Part I. Enter in column (d) the number designation from Form 990-PF, Part VII-B, question 1a, or Form 5227, Part VI-B, question 1a, that applies to the act. For example, "1a(1)" or "1a(4)."

Part II. Enter in column (a) the names of all disqualified persons who took part in the acts of self-dealing listed in Part I. If more than one disqualified person took part in an act of self-dealing, each is individually liable for the entire tax in connection with the act. But the disqualified persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

Carry the total amount in column (d) for each self-dealer to page 1, Part II-A, column (c).

Part III. Enter in column (a) the names of all foundation managers who took part in the acts of self-dealing listed in Part I, and who knew that they were acts of self-dealing (except for foundation managers whose participation was not willful and was due to reasonable cause).

If more than one foundation manager took part in the act of self-dealing, knowing that it was such an act, and participation was willful and not due to reasonable cause, each is individually liable for the entire tax in connection with the act. But the foundation managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each foundation manager.

Carry the total amount in column (d) for each foundation manager to page 1, Part II-A, column (c).

Schedule B—Initial Tax on Undistributed Income

Complete Schedule B if you answered "Yes" to Form 990-PF, Part VII-B, question 2b.

An initial excise tax of 15% is imposed on a private foundation's undistributed income on the first day of the second or any succeeding tax year after the tax year in connection with which income remains undistributed.

Use the 2005 Form 4720 to report the initial tax on undistributed income for tax years beginning in 2004 or earlier that remains undistributed at the end of the foundation's current tax year beginning in 2005. The initial tax will not apply to a private foundation's undistributed income:

- For any tax year it is an operating foundation (as defined in section 4942(j)(3) and related regulations or in section 4942(j)(5)), or
- To the extent it did not distribute an amount solely because of an incorrect valuation of assets, provided the foundation satisfies the requirements of section 4942(a)(2), or
- For any year for which the initial tax was previously assessed or a notice of deficiency was issued.

Do not complete Schedule B for any year for which any of the above provisions apply to the undistributed income.

Schedule C—Initial Tax on Excess Business Holdings

General Instructions

Private foundations are generally not permitted to hold more than a 20% interest in an unrelated business enterprise. They may be subject to an excise tax on the amount of any excess holdings.

Requirement. If you answered "Yes" to Form 990-PF, Part VII-B, question 3b, or Form 5227, Part VI-B, question 3b, complete a Schedule C for each business enterprise in which the foundation had excess business holdings for its tax year beginning in 2005.

Taxes. A private foundation that has excess holdings in a business enterprise may become liable for an excise tax based on the amount of holdings. The initial tax is 5% of the value of the excess holdings and is imposed on the last day of each tax year that ends during the taxable period. The excess holdings are determined on the day during the tax year when they were the largest.

If the foundation keeps the excess business holdings after the initial tax has been imposed, it becomes liable for an additional tax of 200% of the remaining excess business holdings unless it disposes of them within the taxable period. However, if the foundation disposes of its excess business holdings during the correction period, the additional tax will not be assessed or, if assessed, will be abated and if collected, will be credited or refunded. See Pub. 578 for information on the correction period.

Business enterprise. In general, this means the active conduct of a trade or business, including any activity regularly conducted to produce income from selling goods or performing services, that is an unrelated trade or business described in section 513.

The term “business enterprise” does not include a functionally related business as defined in section 4942(j)(4). In addition, business holdings do not include program-related investments (such as investments in small businesses in economically depressed areas or in corporations to assist in neighborhood renovations) as defined in section 4944(c) and related regulations. Also, business enterprise does not include a trade or business at least 95% of the gross income of which comes from passive sources. See Pub. 578.

Excess business holdings. Excess business holdings is the amount of stock or other interest in a business enterprise that the foundation would have to dispose of to a person other than a disqualified person in order for the foundation’s remaining holdings in the enterprise to be permitted holdings (section 4943(c)(1)). See Pub. 578.

Sole proprietorships. In general, a private foundation may not have any permitted holdings in a business enterprise that is a sole proprietorship. For exceptions, see Pub. 578, Chapter X. For a definition of sole proprietorship, see Regulations section 53.4943-10(e).

Corporate voting stock. This stock entitles a person to vote for the election of directors. Treasury stock and stock that is authorized but unissued is not voting stock for these purposes. See Regulations sections 53.4943-3(b)(1)(ii) and 53.4943-3(b)(2)(ii).

For a partnership (including a limited partnership) or joint venture, the term “profits interest” should be substituted for “voting stock.” For any unincorporated business enterprise that is not a partnership, joint venture, or sole proprietorship, the term “beneficial interest” should be substituted for “voting stock.” See Regulations section 53.4943-3(c).

Nonvoting stock. Corporate equity interests that do not have voting power should be classified as nonvoting stock. Evidences of indebtedness (including convertible indebtedness), warrants, and other options or rights to acquire stock should not be considered equity interests. See Regulations section 53.4943-3(b)(2).

For a partnership (including a limited partnership) or joint venture, the term “capital interest” should be substituted for “nonvoting stock.” For any unincorporated business that is not a partnership, joint venture, or sole proprietorship, references to nonvoting stock do not apply for computation of permitted holdings. See Regulations section 53.4943-3(c)(4).

Attribution of business holdings. In determining the holdings in a business enterprise of either a private foundation or a disqualified person, any stock or other interest owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries. In general, this rule does not apply to certain income interests or remainder interests of a private foundation in a split-interest trust described in section 4947(a)(2). See Regulations section 53.4943-8.

Taxable period. The taxable period begins on the first day the foundation has excess business holdings and ends on the earliest of:

- The mailing date of a notice of deficiency, under section 6212, in connection with the initial tax on excess business holdings related to those holdings,
- The date the excess is eliminated, or
- The date the initial tax on excess business holdings related to those holdings is assessed.

When a notice of deficiency is not mailed because the restrictions on assessment and collection are waived or because the deficiency is paid, the date of filing the waiver or the date of paying the tax, respectively, will be treated as the end of the taxable period. See Regulations section 53.4943-9.

Exceptions to Tax on Excess Business Holdings

2% De minimis rule. A private foundation will not be treated as having excess business holdings in any enterprise in which it, together with related foundations as described in the instructions for Form 990-PF (under the definition for “disqualified person” in the *General Instructions*) owns not more than 2% of the voting stock and not more than 2% in value of all outstanding shares of all classes of stock.

Disposition of excess business holdings within 90 days. Generally, when a private foundation acquires excess business holdings other than as a result of purchase by the foundation (such as an acquisition by a disqualified person), the foundation will not be taxed on those excess holdings if it disposes of enough of them so that it no longer has an excess. To avoid the tax, the disposition must take place within 90 days from the date the foundation knew, or had reason to know, of the event that caused it to have excess business holdings. That 90-day period will be extended to include the period during which federal or state securities laws prevent the foundation from disposing of those excess business holdings. See Regulations section 53.4943-2(a).

General rules on the permitted holdings of a private foundation in a business enterprise. No excess business holdings tax is imposed (a) if a private foundation and all disqualified persons together hold no more than 20% of the voting stock of a business enterprise or (b) on nonvoting stock, if all disqualified persons together do not own more than 20% of the voting stock of the business enterprise.

If the private foundation and all disqualified persons together do not own more than 35% of the enterprise’s voting stock, and effective control is in one or more persons who are not disqualified persons in connection with the foundation, then 35% may be substituted for 20% wherever it appears in the preceding paragraph. See sections 4943(c)(2) and 4943(c)(3).

If a private foundation and all disqualified persons together had holdings in a business enterprise of more than 20% of the voting stock on May 26, 1969, substitute that percentage for 20% and for 35% (if the holding is greater than 35%), using the principles of section 4943(c)(4) that apply. However, the percentage substituted may not be more than 50%.

The percentage substituted under the preceding paragraph is (a) subject to reductions and limitations (see sections 4943(c)(4)(A)(ii) and 4943(c)(4)(D)) and (b) applicable, both in connection with the voting stock and, separately, in connection with the value of all outstanding shares of all classes of stock (see section 4943(c)(4)(A)(iii)).

Interests held by a private foundation on May 26, 1969. For private foundations that had business holdings on May 26, 1969 (or holdings acquired by trust or will as described below), that were more than the current limits permit, there are transitional rules that permit the foundation to dispose of the excess over time without being subject to the tax on excess business holdings.

During the first phase, no excess business holdings tax was imposed on a private foundation for interests held since May 26, 1969, if the foundation had excess holdings on that date. The first phase is:

- A 20-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons held more than a 95% voting interest in the enterprise (the 20-year first phase expired on May 25, 1989);
- A 15-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons together had more than a 75% voting stock interest (or more than a 75% profits or beneficial interest of any unincorporated business), or more than a 75% interest in the value of all outstanding shares of all classes of stock (or more than a 75% capital interest of a partnership or joint venture) in the enterprise (the 15-year first phase expired on May 25, 1984); and
- A 10-year period beginning on May 26, 1969, in all other cases in which the foundation had excess business holdings on May 26, 1969. The 10-year first phase expired on May 25, 1979.

During the second phase (the 15-year period after the first phase), if the foundation’s disqualified persons hold more than 2% of the enterprise’s voting stock, the foundation will be liable for tax if the foundation holds more than 25% of the voting stock or if the foundation and its disqualified persons together hold more than 50% of the voting stock.

However, during the second phase, if a foundation’s disqualified persons purchase voting stock in a business enterprise after July 18, 1984, causing the combined holdings of the disqualified persons to exceed 2% of the enterprise’s voting stock, the foundation has 5 years to reduce its holdings in the enterprise to below its second phase limit before the increase will be treated as held by the foundation. See sections 4943(c)(4)(D) and 4943(c)(6).

The first-phase periods may be suspended pending the outcome of any judicial proceeding the private foundation brings regarding reform or other procedure to excuse it from compliance with its governing instrument or similar instrument in effect on May 26, 1969. See section 4943(c)(4)(C) and Regulations section 53.4943-4.

Holdings acquired by trust or will. Holdings acquired under the terms of a trust that was irrevocable on May 26, 1969, or under the terms of a will executed by that date, are treated as held by the foundation on May 26, 1969, except that the 15- and 10-year periods of the first phase for the holdings start on the date of distribution under the trust or will instead of on May 26, 1969. See section 4943(c)(5) and Regulations section 53.4943-5. See section 4943(d)(1) and Regulations section 53.4943-8 for rules relating to constructive holdings held in a corporation, partnership, estate, or trust for the benefit of the foundation.

Gifts or bequests of business holdings. Except as provided in the exception regarding *Holdings acquired by trust or will* (discussed above), there is a special rule for private foundations that have excess business holdings as a result of a change in holdings after May 26,1969. This rule applies if the change is other than by purchase by the foundation or by disqualified persons (such as through gift or bequest) and the additional holdings result in the foundation having excess business holdings. In that case, the foundation has 5 years to reduce these holdings or those of its disqualified persons to permissible levels to avoid the tax. See section 4943(c)(6) and Regulations section 53.4943-6.

A private foundation that received an unusually large gift or bequest of business holdings after 1969, and that has made a diligent effort to dispose of excess business holdings, may apply for an additional 5-year period to reduce its holdings to permissible levels if certain conditions are met. See section 4943(c)(7).

Readjustments, distributions, or changes in relative value of different classes of stock. See Regulations section 53.4943-4(d)(10) for special rules whereby increases in the percentage of value of holdings in a corporation that result solely from changes in the relative values of different classes of stock will not result in excess business holdings.

See Regulations section 53.4943-6(d) for rules on treatment of increases in holdings due to readjustments, distributions, or redemptions.

See Regulations section 53.4943-7 for special rules for readjustments involving grandfathered holdings.

Exceptions from self-dealing taxes on certain dispositions of excess business holdings. Section 101(l)(2)(B) of the Tax Reform Act of 1969 provides for a limited exception from self-dealing taxes for private foundations that dispose of certain excess business holdings to disqualified persons, as long as the sales price equals or is more than fair market value.

The excess business holdings involved are interests that are subject to the section 4941 transitional rules for May 26, 1969, holdings. These interests would also be subject to the excess business holdings tax if they were not reduced by the required amount.

Specific Instructions

Complete columns (a) and (b) of Schedule C if sections 4943(c)(4), 4943(c)(3) (using the principles of 4943(c)(4)), or 4943(c)(5) apply.

Complete column (a) and column (c) (if applicable) if sections 4943(c)(2) or 4943(c)(3) (using the principles of 4943(c)(2)) apply.

Complete Schedule C for that day during the tax year when the foundation's excess holdings in the enterprise were largest.

Line 1. Enter in column (a) the percentage of voting stock the foundation holds in the business enterprise.

If the foundation is using the rules or principles for determining present holdings under section 4943(c)(4)(A) or (D), enter in column (b) the percentage of value the foundation holds in all outstanding shares of all classes of stock.

Do not include in either column (a) or (b) stock treated as held by disqualified persons:

- Under section 4943(c)(6) or Regulations sections 53.4943-6 and 53.4943-10(d), or
- During the first phase if the first phase is still in effect (see Regulations sections 53.4943-4(a), (b), and (c)).

Line 2. If the foundation is using the rules or principles for determining present holdings under section 4943(c)(4), refer to that section and Regulations section 53.4943-4(d) to determine which entries to record in columns (a) and (b). Enter in column (a) the excess of the substituted combined voting level over the disqualified person voting level. Enter in column (b) the excess of the substituted combined value level over the disqualified person value level.

If the foundation is using the rules or principles for determining permitted holdings under section 4943(c)(2), refer to that section to determine which entries to record in column (a). Enter in column (a) the percentage, using the general rule (section 4943(c)(2)(A)) or the 35% rule (see section 4943(c)(2)(B)), if applicable, of permitted holdings the foundation may have in the enterprise's voting stock. If the foundation determines the permitted holdings under section 4943(c)(2)(B), attach a statement showing effective control by a third party.

Line 3. Enter the value of any stock, interest, etc., in the business enterprise that the foundation is required to dispose of so the foundation's holdings in the enterprise are permitted. See section 4943 and related regulations.

A private foundation using the section 4943(c)(4) rules has excess holdings if line 1 is more than line 2 in either column (a) or column (b). Do not include in column (b) the value of any voting stock included in column (a).

A private foundation using the section 4943(c)(2) rules has excess holdings if line 1 is more than line 2 in column (a) or if the private foundation holds nonvoting stock and all disqualified persons together own more than 20% (or 35%, if applicable) of the enterprise's voting stock, interest, etc. In the latter case, enter in column (c) the value of all nonvoting stock the foundation holds.

Line 4. Enter the value of excess holdings disposed of under the 90-day rule in Regulations section 53.4943-2(a)(1)(ii). If other conditions preclude imposition of tax on excess business holdings, include the value of the nontaxable amount on this line and attach an explanation.

Schedule D—Initial Taxes on Investments That Jeopardize Charitable Purpose

General Instructions

Requirement. Complete Schedule D if you answered "Yes" to Form 990-PF, Part VII-B, question 4a or b, or Form 5227, Part VI-B, question 4a or b. Report each investment separately. Paying tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the investments that jeopardize the foundation's charitable purpose. Generally, the taxable period begins with the date of the investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the initial tax is assessed, whichever comes first. Therefore, in addition to investments made in 2005, include all investments subject to tax that were made before 2005 if those investments were not removed from jeopardy before 2005 and the initial tax was not assessed before 2005©©.

Taxable investments. An investment to be taxed on this schedule is an investment by a private foundation that jeopardizes the carrying out of its exempt purposes (i.e., if it is determined that the foundation managers, in making the investment, did not exercise ordinary business care and prudence, under prevailing facts and circumstances, in providing for the long- and short-term financial needs of the foundation to carry out its exempt purposes). See Regulations section 53.4944-1(a)(2). An investment is not taxed on this schedule if it is a program-related investment; that is, one whose primary purpose is one or more of those described in section 170(c)(2)(B) (religious, charitable, educational, etc.). A significant purpose of such an investment cannot be the production of income or the appreciation of property. See section 4944(c) and Regulations section 53.4944-3.

Initial taxes on foundation. The initial tax is 5% of the amount invested for each year or part of a year in the taxable period.

Initial taxes on foundation managers. When a tax is imposed on a jeopardy investment of the foundation, the tax will be 5% of the investment for each year or part of a year in the taxable period, up to $5,000 for any one investment. It is imposed on all foundation managers who took part in the act, knowing that it was such an act, except for foundation managers whose participation was not willful and was due to reasonable cause. Any foundation manager who took part in making the investment must pay the tax.

Specific Instructions

Part I. Complete this part for all taxable investments.

Part II. Enter in column (a) the names of all foundation managers who took part in making the investments listed in Part I. See *Initial taxes on foundation managers* above.

If more than one foundation manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the investment. However, the foundation managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each foundation manager will pay.

Carry the total amount in column (d) for each foundation manager to page 1, Part II-A, column (d).

Schedule E—Initial Taxes on Taxable Expenditures

General Instructions

Requirement. Complete Schedule E if you answered "Yes" to Form 990-PF, Part VII-B, question 5b, or Form 5227, Part VI-B, question 5b. Complete Parts I and II of Schedule E only for expenditures that are subject to tax.

Note. Also, see *Schedule F, Initial Taxes on Political Expenditures.*

Taxable expenditures. With certain exceptions, this means any amount a private foundation pays or incurs:

1. To carry on propaganda or otherwise influence any legislation through:

a. An attempt to influence general public opinion or any segment of it, and

b. Communication with any member or employee of a legislative body, or with any other government official or employee who may take part in formulating legislation;

2. To influence the outcome of any specific public election, or to conduct, directly or indirectly, any voter registration drive;

3. As a grant to an individual for travel, study, or other purposes;

4. As a grant to an organization not described in section 509(a)(1), (2), or (3) or that is not an exempt operating foundation (as defined in section 4940(d)(2)); or

5. For any purpose other than religious, charitable, scientific, literary, educational, or public purposes, or the prevention of cruelty to children or animals.

Exceptions. Section 4945(d)(4)(B) provides an exception to taxable expenditures that applies to certain grants to organizations when the granting foundation exercises expenditure responsibility described in section 4945(h). Pub. 578 has additional information on special rules and exceptions to the definition of taxable expenditures given above.

Initial tax on foundation. An initial tax of 10% of each taxable expenditure is imposed on the foundation.

Initial tax on foundation managers. When a tax is imposed on a taxable expenditure of the foundation, a tax of 2½% of the expenditure will be imposed on any foundation manager who agreed to the expenditure and who knew that it was a taxable expenditure. Foundation managers whose participation was not willful and was due to reasonable cause are not liable for the tax. Any foundation manager who took part in the expenditure and is liable for the tax must pay the tax. The maximum total amount of tax on all foundation managers for any one taxable expenditure is $5,000. If more than one foundation manager is liable for tax on a taxable expenditure, all those foundation managers are jointly and severally liable for the tax.

Specific Instructions

Part I. Complete this part for all taxable expenditures. Enter in column (f) the number designation from Form 990-PF, Part VII-B, question 5a, or Form 5227, Part VI-B, question 5a, that applies to the act; for example, "5a(1)."

Part II. Enter in column (a) the names of all foundation managers who agreed to make the taxable expenditure. See *Initial Tax on Foundation Managers* on page 6. If more than one foundation manager is listed in column (a), each is individually liable for the entire tax in connection with the expenditure. However, the foundation managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each foundation manager will pay.

Carry the total amount in column (d) for each foundation manager to page 1, Part II-A, column (e).

Schedule F—Initial Taxes on Political Expenditures

General Instructions

Requirement. Complete Schedule F if you answered "Yes" to question 5a(2) and 5b of Form 990-PF, Part VII-B. Complete Schedule F if you entered an amount of political expenditure in question 81a, Part VI of Form 990, or in question 37a, Part V, of Form 990-EZ.

Political expenditures. These include any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in (including the publication or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. The tax is imposed even if the political expenditure gives rise to a revocation of the organization's section 501(c)(3) status.

These taxes apply in the case of both public charities and private foundations. When tax is imposed under this provision in the case of a private foundation, however, the expenditure in question will not be treated as a taxable expenditure under section 4945.

For an organization formed primarily to promote the candidacy or prospective candidacy of an individual for public office (or that is effectively controlled by a candidate or prospective candidate and is used primarily for such purposes), amounts paid or incurred for any of the following purposes are deemed political expenditures:

- Remuneration to the candidate or prospective candidate for speeches or other services;
- Travel expenses of the individual;
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by the individual;
- Expenses of advertising, publicity, and fundraising for such individual; and
- Any other expense which has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of the individual.

Initial tax on organization or foundation. The initial tax on the organization or foundation is 10% of the amount involved.

Initial tax on organization managers or foundation managers. An initial tax of 2½% of the amount involved (up to $5,000 of tax on any one expenditure) is imposed on any manager who agrees to an expenditure, knowing that it is a political expenditure, unless the agreement is not willful and is due to reasonable cause.

Any manager who agreed to the expenditure must pay the tax.

Specific Instructions

Part I. Complete this part for all political expenditures.

Part II. Enter in column (a) the names of all managers who took part in making the political expenditures listed in Part I. See *Initial tax on organization managers or foundation managers* above.

If more than one manager is listed in column (a), each is individually liable for the entire amount of tax on the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

Carry the total amount in column (d) for each manager to page 1, Part II-A, column (f).

Schedule G—Tax on Excess Lobbying Expenditures

Requirement. Schedule G must be completed by eligible section 501(c)(3) organizations that elected to be subject to the limitations on lobbying expenditures under section 501(h) and that made excess lobbying expenditures as defined in section 4911(b).

Except as noted below, follow the line instructions on Schedule G.

Affiliated groups. If you are a nonelecting member of an affiliated group, you are not required to file Form 4720.

If you are an electing member of an affiliated group and are filing a separate return, enter on line 1 the amount from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 43. Enter on line 2 the amount from Schedule A (Form 990 or 990-EZ), Part VI-A, column (b), line 44.

If you are an electing member of an affiliated group and are included in a group return, enter on line 1 your share of the excess grassroots lobbying expenditures of the affiliated group, and on line 2 your share of the excess lobbying expenditures of the affiliated group. Take these amounts from the schedule of excess lobbying expenditures that must be attached to Schedule A (Form 990 or 990-EZ). See the instructions for Schedule A (Form 990 or 990-EZ), Part VI-A, for a discussion of the lobbying provisions, including how to figure the taxable amount.

Schedule H—Taxes on Disqualifying Lobbying Expenditures

General Instructions

Requirement. Schedule H must be completed by certain organizations whose section 501(c)(3) status is revoked because of excess lobbying activities.

Exceptions. These taxes are not imposed on a private foundation (whose lobbying expenditures may be subject to the tax on taxable expenditures). These taxes also are not imposed on any organization for which a section 501(h) election was in effect at the time of the lobbying expenditures or that was not eligible to make a section 501(h) election.

Tax on organization. A tax of 5% of the lobbying expenditures is imposed on the organization whose section 501(c)(3) status is revoked because of excess lobbying activities.

Tax on organization managers. A tax of 5% of the lobbying expenditures is also imposed on any manager who willfully and without reasonable cause consented to the lobbying expenditures, knowing that they would likely result in the organization no longer qualifying under section 501(c)(3).

There is no limit on the amount of this tax that may be imposed against either the organization or its managers. Any organization manager who agreed to the expenditure must pay the tax.

Specific Instructions

Part I. Complete this part for all disqualifying lobbying expenditures.

Part II. Enter in column (a) the names of all organization managers who took part in making disqualifying lobbying expenditures listed in Part I. See *Tax on organization managers* above.

If more than one organization manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

Carry the total amount in column (d) for each organization manager to page 1, Part II-A, column (g).

Schedule I—Initial Taxes on Excess Benefit Transactions

General Instructions

Requirement. Complete Schedule I for any *Excess benefit transaction* in which an *Applicable organization* provides an *Excess benefit* to a *Disqualified person*. These terms are discussed below.

Applicable organization. In general, an applicable organization is any section 501(c)(3) (except a private foundation) or any 501(c)(4) organization.

Also, an applicable organization includes any organization that was a 501(c)(3) (except a private foundation) or 501(c)(4) organization at any time during a five-year period ending on the date of an excess benefit transaction (the lookback period).

Initial taxes. Excise taxes are imposed under section 4958 on each excess benefit transaction. If an organization manager receives an excess benefit from an excess benefit transaction, the manager may be liable for the tax on disqualified persons and the tax on the organization manager. See *Abatement* on page 3 for information on abatement, refund, or relief from this tax.

Tax on disqualified persons. The tax is 25% of the excess benefit and is paid by any disqualified person who improperly benefited from the excess benefit transaction.

Tax on organization managers. If tax is imposed on a disqualified person for any excess benefit transaction, then tax is also imposed on any organization manager who knowingly participated in the excess benefit transaction. The tax is 10% of the excess, not to exceed $10,000 for each transaction.

Additional tax on the disqualified person. If the initial tax is imposed on an excess benefit transaction and the transaction is not corrected within the taxable period, then any disqualified person involved shall be liable for an additional tax equal to 200% of the excess benefit.

This additional tax is abated (refunded if collected) if the excess benefit transaction is corrected within the correction period (defined in *Question B,* under, *Specific Instructions for Page 1* on page 3).

Taxable period. Taxable period means the period beginning with the date on which the excess benefit transaction occurs and ending on the earlier of:

1. The date a notice of deficiency was mailed to the disqualified person for the initial tax on the excess benefit transaction, or
2. The date on which the initial tax on the excess benefit transaction for the disqualified person is assessed.

Excess benefit transaction. An excess benefit transaction is any transaction in which:

1. An excess benefit is provided by the organization, directly or indirectly to, or for the use of, any disqualified person, or
2. The amount of any economic benefit provided to, or for the use of, a disqualified person is determined in whole or in part by the revenues of the organization and violates the private inurement prohibition rules (to the extent provided in regulations).

Until final regulations are issued regarding the special rules for revenue sharing transactions described in 2 above, these transactions will only be subject to section 4958 liability under the general rule described in 1 above.

Excess benefit. Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person.

However, an economic benefit will not be treated as compensation for services unless the applicable organization clearly indicates its intent to treat the economic benefit (when paid) as compensation for a disqualified person's services. See Regulations section 53.4958-4(c) for more information.

Exception. Generally, section 4958 does not apply to any fixed payment made to a person under an initial contract. See Regulations section 53.4958-4(a)(3) for details.

Special rule. The initial and additional taxes of this section do not apply if the transaction described in 1 under *Excess benefit transaction,* was pursuant to a written contract in effect on September 13, 1995, and at all times after that date until the time that the transaction occurs.

However, if a written contract is materially modified, it is treated as a new contract entered into as of the date of the material modification. A material modification includes amending the contract to extend its term or to increase the compensation payable to a disqualified person.

Disqualified person. For purposes of this section, a disqualified person means:

1. Any person (at any time during the 5-year period ending on the date of the transaction) in a position to exercise substantial influence over the affairs of the organization,
2. A family member of an individual described in 1, or
3. A 35% controlled entity.

Family members. Family members of an individual (described in 1 above) include a disqualified person's spouse, ancestors, children, grandchildren, great grandchildren, and brothers and sisters (whether by whole or half-blood). It also includes the spouse of the children, grandchildren, great grandchildren, brothers or sisters (whether by whole or half-blood).

35% controlled entity. The term 35% controlled entity means:

- A corporation in which a person described in 1 or 2 under *Disqualified person* owns more than 35% of the total combined voting power,
- A partnership in which such persons own more than 35% of the profits interest, or
- A trust or estate in which such persons own more than 35% of the beneficial interest.

In determining the holdings of a business enterprise, any stock or other interest owned directly or indirectly shall apply.

Specific Instructions

Part I. List each excess benefit transaction in Part I, column (c). Enter the date of the transaction in column (b) and the amount of the excess benefit in column (d). Compute the tax on the excess benefit for disqualified persons and enter it in column (e). Compute any tax on the excess benefit for organization managers and enter the amount in column (f).

For organization managers, the tax is the lesser of 10% of the excess benefit or $10,000. This tax is computed on each transaction.

Part II. Enter in column (a) the names of all disqualified persons who took part in the excess benefit transactions. If more than one disqualified person took part in an excess benefit transaction, each is individually liable for the entire tax on the transaction. But the disqualified persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

Carry the total amount in column (d) for each disqualified person to page 1, Part II-A, column (h).

Part III. Enter in column (a) the names of all organization managers who knowingly took part in the excess benefit transactions listed in Part I. If more than one organization manager knowingly took part in an excess benefit transaction, each is individually liable for the entire tax in connection with the transaction. But the organization managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each organization manager.

Carry the total amount in column (d) for each organization manager to page 1, Part II-A, column (h).

Privacy Act and Paperwork Reduction Act Notice.
We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Certain individuals who owe tax under Chapter 41 or 42 of the Internal Revenue Code, and who do not sign the Form 4720 of the foundation or organization, must file a separate Form 4720 showing the tax owed and the name of the foundation or organization for which they owe tax. Sections 6001 and 6011 of the Internal Revenue Code require you to provide the requested information if the tax applies to you. Section 6109 requires you to provide your social security number or other identifying number. Routine uses of this information include disclosing it to the Department of Justice for civil and criminal litigation and to other federal agencies, as provided by law. We may disclose the information to cities, states, the District of Columbia, and U. S. Commonwealths or possessions to administer their laws. If you do not file this information, you may be subject to interest, penalties, and/or criminal prosecution.

We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	39 hr., 55 min.
Learning about the law or the form	16 hr., 30 min.
Preparing the form	23 hr., 22 min.
Copying, assembling, and sending the form to the IRS	1 hr., 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see *Where To File* on page 2.

Supplemental Instructions and Completed Example of Form 990-PF

This part of the instructions provides a set of facts and a filled-in example to help you prepare a complete and accurate Form 990-PF.

The illustrated example was prepared using the following facts:

1. The Oak Foundation, Inc., was created by the Oak Manufacturing Co., Inc., which made an initial gift of $100,000 ($95,000 in cash plus 1,000 shares of Neptune, Inc. stock valued at $5,000) when the foundation was incorporated. Before 2005, Oak Manufacturing Co., Inc., was the only substantial contributor to the foundation. The Oak Manufacturing Co., Inc., did not make a contribution to the foundation in 2005.

2. The foundation was incorporated February 15, 1968, and recognized as an exempt organization described in Code section 501(c)(3) on June 1, 1968, at which time it was issued a determination letter. It was classified as a private nonoperating foundation on October 15, 1970.

3. The foundation's investments consisted of $250,000 in certificates of deposit and $72,000 in stocks at the beginning of 2005.

4. The foundation purchased office equipment for $3,000 on June 3, 2001, and is depreciating this equipment on a straight line depreciation method using an estimated life of 10 years.

5. Total revenue recorded on the foundation's books for the year consisted of:

Gift from Ms. Carroll Haggerty on 5/19/2005	$16,000
Gift from Ms. Rachel Patton on 12/8/2005	$15,000
Other contributions (none substantial)	$10,000
Interest income on certificates of deposit	$15,000
Dividend income on stocks owned	$4,000
Capital gain on sales of stock (basis per books $5,000, selling price $6,000, no settlement costs)	$1,000
Totals revenue	$61,000

6. The expenses paid by the organization during the year consisted of:

Salary to foundation's Sec.-Treas.		$ 600
Other salaries and wages		1,000
Accounting services (auditing–$200, preparing Form 990-PF–$100)		300
Taxes (Excise tax on 2004 investment income)		320
Occupancy expenses		2,200
Other expenses:		
Stationery	$105	
Postage	55	
Telephone	140	300
		$ 4,720

Grants made:

Allen Reid Museum of Fine Arts 31 Meyers St., Atlanta, GA, a private operating foundation under 501(c)(3) and defined in 4942(j)(3)	$15,000
Moore-Price Clinic 1111 Jordan Ave., College Park, GA, a publicly supported hospital under 509(a)(1) and described in 170(b)(1)(A)(iii)	15,000
Ervin Guinn Institute 198 Long Blvd., Stone Mtn., GA, a publicly supported college under 509(a)(1) and described in 170(b)((1)(A)(ii)	10,000
Blue Circle of America Washington, DC, a publicly supported charity under 509(a)(1) and defined in 170(b)(1)(A)(vi)	5,000
Total grants and contributions paid	$45,000
Total expenses, grants, and contributions paid	$49,720

The foundation purchased 500 shares of Venus Corporation stock from other than a disqualified person for $4,000 during the year. The purchase is not included in the $49,720 of expenses, grants, and contributions paid in the year. Also not included in this total is the $300 of depreciation on office equipment referred to in Item 4 above.

7. On the basis of time devoted to particular activities, 60% of the foundation's expenses were allocated to its exempt purpose and 40% to the production of investment income. However, no allocation was required for the $100 cost of preparing the Form 990-PF because this expense is considered to relate only to the foundation's exempt purpose.

8. The balance in the organization's checking account at the beginning of the tax year was $1,100. The average monthly balance in the account for the year was $3,550. The average monthly fair market value of the foundation's securities—stocks and certificates of deposit—was $322,000.

9. The excise tax on net investment income imposed under section 4940 is the only tax due with this return. No other Chapter 42 taxes apply this year.

10. In 2004 the foundation's qualifying distributions exceeded the distributable amount for that year by $2,100. This amount is available as an excess distributions carryover to 2005.

11. Grant approved for future payment but not distributed in 2005:
Dr. Clark Eller
101 Gore Ave., Atlanta, GA 30311,
$2,000 for postdoctoral studies in physics at Georgia Tech.

The foundation previously applied for and received advance approval of its grant-making procedures under the procedures set forth in Regulations section 53.4945-4(d).

12. A grant of $15,000 was made to the Allen Reid Museum of Fine Arts to cover part of the costs of renovation and expansion of the museum facilities. The grant was made according to established requirements for expenditure responsibility under section 4945(h).

13. The Neptune, Inc. stock is publicly traded. It had a market value of $4,750 on December 31, 1969. When the stock was donated in 1968, the foundation entered it on its books at $5,000, the fair market value on the contribution date. The donor's basis in the stock was $5,300. The foundation sold the stock through a broker on March 3, 2005.

14. The foundation is on the cash receipts and disbursements method of accounting and uses a calendar year accounting period.

15. The foundation rents space in an office building owned by an unrelated section 501(c)(4) organization for less than fair rental value. Except for that transaction, the foundation did not engage in any transfer of assets or other transactions with a section 527 (political) organization or with other section 501(c) organizations not described in section 501(c)(3) of the Code. Neither is the foundation directly or indirectly affiliated with or related to any such organization.

Part I—Analysis of Revenue and Expenses

Line 1, column (a). We have entered the gross amount of contributions, gifts, grants, etc., received during the tax year.

Note. We did not check the box on line 2 because 2 contributors gave $5,000 or more so we must complete a Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, and attach it to our Form 990-PF.

Line 3, columns (a) and (b). We have entered the interest income received during the tax year.

Line 4, columns (a) and (b). We have entered the dividend income received during the tax year.

Line 6a, column (a). We have entered the gain as reflected in the books on the sale of the Neptune, Inc. stock.

Line 6b. We have entered the gross sales price of Neptune, Inc. stock whose net gain is reflected in line 6a.

Line 7, column (b). We have entered the capital gain figure from Part IV, line 2. The basis for computing the gain in this case is the donor's basis (under the rules of section 1015), since that figure is greater than the December 31, 1969, fair market value.

Line 12, columns (a) and (b). We have entered the totals of lines 1 through 11.

Line 13, columns (a), (b), and (d). We have entered compensation of officers.

Note. Columns (b) and (d) reflect the 40% and 60% allocation of expenses that apply to the production of investment income and the exempt purpose function, respectively.

Line 14, columns (a), (b), and (d). We have entered other salaries and wages in column (a). We allocated 40% of those expenses in column (b) and 60% in column (d).

Line 16, columns (a), (b), and (d). We have entered the total accounting expenses in column (a), and made an allocation in columns (b) and (d). The allocation for this line is based on $200 of allocable expenses and $100 of nonallocable expenses. Column (b) is 40% of the $200 allocable expenses. Column (d) is 60% of the $200 allocable expenses plus the $100 accounting fees (which are not allocable) for preparing Form 990-PF.

Line 18, column (a). We have entered the amount of excise tax on investment income paid with the 990-PF filed for 2004. This is not an expense to be allocated between the exempt purpose function and the production of income.

Line 19, columns (a) and (b). We have entered the amount allowable as a deduction for depreciation of office equipment, $3,000 × 10% (10-year life) equals $300. Column (b) reflects the allocation for the production of investment income.

Line 20, columns (a), (b), and (d). We have entered the expense for office rental. The remaining columns reflect the allocation between the production of income and the exempt function.

Line 23, columns (a), (b), and (d). We have entered the total other expenses in column (a). Columns (b) and (d) are allocated as follows: Column (b) is 40% of the $300 of allocable expenses. Column (d) is 60% of the $300 allocable expenses.

Line 24, columns (a), (b), and (d). We have entered the total of lines 13 through 23 for each column. Columns (b) and (d) represent the allocation of the operating and administrative expenses for the year between the production of income and the exempt function.

Line 25, columns (a) and (d). We have entered the total contributions, gifts, and grants paid out in both columns. This disbursement is for the exempt purpose of the foundation and no allocation is required in column (d).

Line 26, columns (a), (b), and (d). We have entered the total of operating and administrative expenses and contributions, etc., for the year. The necessary allocations are shown in the totals for columns (b) and (d).

Line 27a. We have entered the excess of revenue over expenses (line 12 less line 26, column (a)).

Line 27b. We have entered the net investment income (line 12 less line 26, column (b)).

Line 27c. We have entered “N/A (not applicable).” This column does not apply because the Oak Foundation is a nonoperating private foundation and had no income from charitable activities reportable on lines 10 and 11 of Part I.

Part II—Balance Sheets

We have prepared balance sheets that correctly reflect the organization’s assets, liabilities, and net assets at the beginning of the tax year and at the end of the tax year. The end-of-year fair market value of all assets is shown as well.

Part III—Analysis of Changes in Net Assets or Fund Balances

This section is used to show the $10,980 increase in net assets of the foundation as shown in Part I, line 27a.

Part IV—Capital Gains and Losses for Tax on Investment Income

We have entered the long-term capital gain from the sale of the Neptune stock. We used the donor’s basis, $5,300, to figure the gain on the sale of the stock under Code section 1015. We would have used the fair market value on December 31, 1969, $4,750, under the special rule of section 4940(c)(4)(B) if it had been higher than the donor’s basis.

Part V—Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

We have checked the “No” box to indicate that the foundation was not liable for the section 4942 tax during the 5 base-period years.

Line 1, column (b). We have entered the adjusted qualifying distributions for each year in the base period.

Line 1, column (c). We have entered the net value of noncharitable-use assets for each year in the base period.

Line 1, column (d). We determined the distribution ratio for each year in the base period by dividing column (b) by column (c) and have entered the ratio for each year.

Line 2. We have entered the total of the amounts from line 1, column (d).

Line 3. We divided the amount on line 2 by 5 and have entered the result.

Line 4. We have entered the net value of noncharitable-use assets for 2005.

Line 5. We multiplied the amount on line 4 by the payout ratio on line 3 and have entered the result.

Line 6. We have entered 1% of the amount from Part I, line 27, column (b).

Line 7. We have entered the total of lines 5 and 6.

Line 8. We have entered the qualifying distributions for 2005 from Part XII, line 4.

Because line 8 is more than line 7, the foundation qualifies for the reduced 1% tax on net investment income for the year.

Part VI—Excise Tax Based on Investment Income

Line 1. We have checked the box on line 1b and entered the excise tax on investment income (1% of the net investment income shown on line 27b of Part I). We then brought the amount to lines 3 and 5.

Line 9. We have entered $179, which is the amount of tax due. This amount must be paid in full when the return is filed.

Part VII-A—Statements Regarding Activities

Every statement in this section should be answered “Yes,” “No,” or “N/A” (not applicable). In addition, statement 8a should list all the states that require a report from your organization. We have attached a schedule for line 10 listing the names and addresses of the two persons who became substantial contributors in 2005.

Part VII-B—Activities for Which Form 4720 May Be Required

We answered “Yes” to question 1a(4) because of the $600 salary paid to the foundation’s secretary-treasurer. We answered “No” to question 1b because the salary meets the “reasonable compensation” exception to self-dealing.

Part VIII—Information About Officers, Directors, Trustees, etc.

Line 1. We have listed the names and other data for the foundation’s officers, including the compensation of the secretary-treasurer for 2005. Lines 2 and 3 do not apply so we have entered “None.”

Part IX-A—Summary of Direct Charitable Activities

Because there were no direct charitable activities, we entered “N/A.”

Part IX-B—Summary of Program-Related Investments

We entered “N/A” because the foundation engaged only in grantmaking activities rather than direct charitable activities (as defined in the instructions for Part IX-A).

Part X—Minimum Investment Return

We have computed the minimum investment return for 2005 using the information provided.

Part XI—Distributable Amount

This section provides the computation for the distributable amount for 2005. The distributable amount in this example is the minimum investment return minus the tax on net investment income for 2005.

Part XII—Qualifying Distributions

Line 1a. The amount from Part I, column (d), line 26, is entered here. Because there are no additions from lines 1b, 2, or 3, the amount is also entered on line 4.

Line 5. Because this foundation qualifies for the section 4940(e) reduction in tax, we have entered "179" (1% of net investment income).

Line 6. We subtracted line 5 from line 4 and entered the difference on this line.

Part XIII—Undistributed Income

Line 3e. We have entered the excess distributions carryover from 2004.

Line 4. We have entered the qualifying distributions for 2005 from Part XII, line 4.

Line 4d. We have entered the amount applied to the 2005 distributable amount.

Line 4e. We have entered $31,741, the remaining amount distributed out of corpus. To get this amount, we subtracted the amount on line 4d from the amount shown on the memo entry for line 4 ($47,680 minus $15,939).

Line 5. We have entered -0- because there is no excess distributions carryover applied to 2005.

Line 6. We have entered the net total of corpus on line 6a and zeroes for the rest of line 6.

Line 7. We have entered -0- because there were no distributions applicable under these Code sections.

Line 8. We have entered -0- because there was no excess distributions carryover from 2000.

Line 9. We have entered the excess distributions carried forward.

Lines 10d and 10e. We have entered the excess distributions from 2004 and 2005 as an analysis of line 9.

Part XIV—Private Operating Foundations

We have entered "N/A" in this section since the information required here applies only to private operating foundations. The foundation in this example was classified as a private nonoperating foundation.

Part XV—Supplementary Information

Lines 1a and 1b. These lines do not apply.

Line 2. We have included the information required.

Line 3a. We have listed the names and addresses of recipients; purposes; and amounts of all contributions and grants paid out during the tax year.

Line 3b. This line contains information on the one grant approved for future payment.

Part XVI-A—Analysis of Income-Producing Activities

Lines 3 and 4. We have entered the amounts received from interest and dividends and designated the proper exclusion code.

Line 8. We have entered the gain per books from the sale of the Neptune stock and entered the exclusion code applicable to capital gains that are not taxable as unrelated business income. We did not enter the smaller ($700) gain computed using the donor's basis because that computation is reflected in column (b) of Part I, whereas Part XVI-A includes only amounts reported in column (a) of Part I. If the foundation had reported other capital gains on line 6 of Part I that were not reportable in column (b) of Part I, those gains would also be reportable in Part XVI-A.

Part XVI-B—Relationship of Activities to the Accomplishment of Exempt Purposes

We entered "N/A" because the foundation did not have any exempt function income to report in column (e) of Part XVI-A.

Part XVII—Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

We have entered "Yes" on line 1b(3) because the foundation rents space in an office building owned by the Civic League of Atlanta, an unrelated section 501(c)(4) organization, for less than fair rental value. To the remaining questions for lines 1 and 2, we answered "No" or "N/A."

PART I, LINE 16

Accounting services

Nicholas Miller, C.P.A. for auditing and preparation of Form 990-PF $300

PART I, LINE 18

Taxes

The excise tax on 2004 net investment income $320

PART I, LINE 19, DEPRECIATION SCHEDULE

Description of Property	Date Acquired	Cost	Prior Years' Depreciation	Method	Useful Life	Depreciation for This Year
Office Equipment	6/3/01	$3,000	$1,050	S/L	10 years	$300

PART I, LINE 23, OTHER EXPENSES

Stationery	$105
Postage	55
Telephone	140
Total	$300

PART II, LINE 10, INVESTMENTS—SECURITIES

Corporate Name	No. of Shares	Book Value	Fair Market Value
Atlas, Inc.	100	$1,000	$1,100
Zeus, Inc.	500	10,000	9,500
Athena, Inc.	300	6,000	6,000
Mars-Mercury, Inc.	500	10,000	9,000
Jupiter, Inc.	100	30,000	31,000
Venus, Inc.	500	4,000	5,500
Saturn, Inc.	600	10,000	11,000
Total		$71,000	$73,100

PART II, LINE 14, LAND, BUILDINGS, AND EQUIPMENT

Description	Cost	Accum. Deprec.	Fair Market Value
Office furnishings and equipment	$3,000	$1,350	$1,720

PART VII-A, LINE 10, Persons Becoming Substantial Contributors During The Tax Year

Ms. Carroll Haggerty
121 Anderson Ave.
Athens, GA 30601

Ms. Rachel Patton
162 Reno Rd.
Rome, GA 30161

Both substantial contributors are nieces of the foundation's president but are not otherwise related by blood, marriage, or stock ownership to the foundation or its managers.

PART VII-B, QUESTION 5c, TAXES ON TAXABLE EXPENDITURES

Information relating to grants subject to expenditure responsibility:

Grantee—Allen Reid Museum of Fine Arts, 31 Meyers St., Atlanta, GA 30301.

Date paid—April 8, 2005. Amount—$15,000.

Purpose—For the partial support of a major renovation and expansion of the museum facilities.

Amount of grant spent by grantee—$15,000.

Diversion—To the knowledge of the Foundation, and based on the report furnished by the grantee, no part of the grant has been used for other than its intended purpose.

Date of report for grantee—Final report January 8, 2006.

In addition to its own report covering the use of grant funds, the grantee furnished an independent auditor's report of its operations for its fiscal year ending September 30, 2005. Since this latter report verified the information provided by the grantee, The Oak Foundation, Inc., deems further verification of the grantee's report unnecessary.

PART XV, LINES 2b and d

b Individual applicants should submit a brief resume of academic qualifications. For research grants, include an outline of the proposed investigation and a proposed budget.

d Preference is given to Georgia residents and charitable organizations. Most grants are made for educational purposes but, to the extent that funds are available, grants may be made for other purposes and to individuals and organizations in other states. No more than $5,000 is granted to any one person over a 4-year period. Grants to organizations are not more than $25,000 to any one organization in 1 year.

Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note: *The organization may be able to use a copy of this return to satisfy state reporting requirements.*

OMB No. 1545-0052

2005

For calendar year 2005, or tax year beginning , 2005, and ending , 20

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of organization: Oak Foundation, Inc.

Number and street (or P.O. box number if mail is not delivered to street address): 133 Winchester Dr. — Room/suite:

City or town, state, and ZIP code: Atlanta, GA 30320-4836

A Employer identification number: 00 1234567

B Telephone number (see page 10 of the instructions): (404) 555-4567

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 338,200

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify)
(Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	41,000			
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3 Interest on savings and temporary cash investments	15,000	15,000		
	4 Dividends and interest from securities	4,000	4,000		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	1,000			
	b Gross sales price for all assets on line 6a 6,000				
	7 Capital gain net income (from Part IV, line 2)		700		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	61,000	19,700	N/A	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	600	240		360
	14 Other employee salaries and wages	1,000	400		600
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	300	80		220
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	320	-0-		-0-
	19 Depreciation (attach schedule) and depletion	300	120		
	20 Occupancy	2,200	880		1,320
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	300	120		180
	24 **Total operating and administrative expenses.** Add lines 13 through 23	5,020	1,840		2,680
	25 Contributions, gifts, grants paid	45,000			45,000
	26 **Total expenses and disbursements.** Add lines 24 and 25	50,020	1,840		47,680
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	10,980			
	b **Net investment income** (if negative, enter -0-)		17,860		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash—non-interest-bearing	1,100	13,380	13,380
	2 Savings and temporary cash investments	250,000	250,000	250,000
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	72,000	71,000	73,100
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶ 3,000			
	Less: accumulated depreciation (attach schedule) ▶ 1,350	1,950	1,650	1,720
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)	325,050	336,030	338,200
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	-0-	-0-	
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	325,050	336,030	
	30 **Total net assets or fund balances** (see page 17 of the instructions)	325,050	336,030	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	325,050	336,030	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	325,050
2 Enter amount from Part I, line 27a	2	10,980
3 Other increases not included in line 2 (itemize) ▶	3	-0-
4 Add lines 1, 2, and 3	4	336,030
5 Decreases not included in line 2 (itemize) ▶	5	-0-
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	336,030

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	1,000 shares Neptune, Inc.	D	2/15/68	3/4/2005
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	6,000	-0-	5,300	700
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col.(h))
a	4,750	5,300	-0-	700
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	700
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 11 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No
If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2004	17,600	318,200	.0553111
2003	15,700	320,100	.0490471
2002	15,800	315,400	.0500951
2001	16,300	308,600	.0528191
2000	15,500	310,200	.0499677

2	**Total** of line 1, column (d)	2	.2572401
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.0514480
4	Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	4	322,361
5	Multiply line 4 by line 3	5	16,585
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	179
7	Add lines 5 and 6	7	16,764
8	Enter qualifying distributions from Part XII, line 4	8	47,680

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter: .... (attach copy of ruling letter if necessary—see instructions)		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b	1	179
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	-0-
3	Add lines 1 and 2	3	179
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	-0-
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	179
6	Credits/Payments:		
a	2005 estimated tax payments and 2004 overpayment credited to 2005 — 6a		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments. Add lines 6a through 6d	7	
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	179
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	
11	Enter the amount of line 10 to be: **Credited to 2006 estimated tax** ▶ Refunded ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.*			
c	Did the organization file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the organization. ▶ $ -0- **(2)** On organization managers. ▶ $ -0-			
e	Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ $ -0-			
2	Has the organization engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3	Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the organization have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the organization have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ Georgia			
b	If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9	Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses.*	10	X	
11	Did the organization comply with the public inspection requirements for its annual returns and exemption application?	11	X	

Web site address ▶ www.OakFoundation.org

12 The books are in care of ▶ Ernest Amos Herbert Telephone no. ▶ (404)555-4567

Located at ▶ 133 Winchester Dr., Atlanta, GA ZIP+4 ▶ 30320-4836

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 13 N/A

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies. — Yes | No

1a During the year did the organization (either directly or indirectly):

- **(1)** Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ **Yes** ☒ **No**
- **(2)** Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ **Yes** ☒ **No**
- **(3)** Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ **Yes** ☒ **No**
- **(4)** Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☒ **Yes** ☐ **No**
- **(5)** Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ **Yes** ☒ **No**
- **(6)** Agree to pay money or property to a government official? (**Exception.** Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ **Yes** ☒ **No**

b If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? — **1b** Yes: | No: X

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005? — **1c** Yes: | No: X

2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):

a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? ☐ **Yes** ☒ **No**

If "Yes," list the years ▶ 20____ , 20____ , 20____ , 20____

b Are there any years listed in 2a for which the organization is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 20 of the instructions.) — **2b** N/A

c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here.

▶ 20____ , 20____ , 20____ , 20____

3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ **Yes** ☒ **No**

b If "Yes," did it have excess business holdings in 2005 as a result of **(1)** any purchase by the organization or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2005.)* — **3b** N/A

4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? — **4a** Yes: | No: X

b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005? — **4b** Yes: | No: X

5a During the year did the organization pay or incur any amount to:

- **(1)** Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ **Yes** ☒ **No**
- **(2)** Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ **Yes** ☒ **No**
- **(3)** Provide a grant to an individual for travel, study, or other similar purposes? ☒ **Yes** ☐ **No**
- **(4)** Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☒ **Yes** ☐ **No**
- **(5)** Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ **Yes** ☒ **No**

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? — **5b** Yes: | No: X

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? ☒ **Yes** ☐ **No**

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ **Yes** ☒ **No**

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? — **6b** Yes: | No: X

If you answered "Yes" to 6b, also file Form 8870.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
J. Rollins Phillips 9432 Herschel Ave., Atlanta, GA 30329	President 4 hrs. per wk.	-0-	-0-	-0-
Hayden Dillon Dunn 9900 Shular Rd., Atlanta, GA 30324	V. President 3 hrs. per wk.	-0-	-0-	-0-
Ernest Amos Herbert 1241 Hutton Dr., Decatur, GA 30034	Sec. - Treas. 8 hrs. per wk.	600	-0-	-0-

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over $50,000 . . . . . ▶

3 Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
None		

Total number of others receiving over $50,000 for professional services . . . . . ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See page 22 of the instructions.	
3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	322,000
b	Average of monthly cash balances	1b	3,550
c	Fair market value of all other assets (see page 23 of the instructions)	1c	1,720
d	**Total** (add lines 1a, b, and c)	1d	327,270
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e -0-		
2	Acquisition indebtedness applicable to line 1 assets	2	-0-
3	Subtract line 2 from line 1d	3	327,270
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	4,909
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	322,361
6	**Minimum investment return.** Enter 5% of line 5	6	16,118

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	16,118
2a	Tax on investment income for 2005 from Part VI, line 5 2a 179		
b	Income tax for 2005. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	179
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	15,939
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	15,939
6	Deduction from distributable amount (see page 24 of the instructions)	6	-0-
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	15,939

Part XII Qualifying Distributions (see page 24 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	47,680
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	47,680
5	Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	179
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	47,501

Note: *The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.*

Part XIII **Undistributed Income** (see page 24 of the instructions)

		(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1	Distributable amount for 2005 from Part XI, line 7				15,939
2	Undistributed income, if any, as of the end of 2004:				
a	Enter amount for 2004 only			-0-	
b	Total for prior years: 20____ ,20____ ,20____		-0-		
3	Excess distributions carryover, if any, to 2005:				
a	From 2000				
b	From 2001				
c	From 2002				
d	From 2003				
e	From 2004 — 2,100				
f	**Total** of lines 3a through e	2,100			
4	Qualifying distributions for 2005 from Part XII, line 4: ▶ $ 47,680				
a	Applied to 2004, but not more than line 2a			-0-	
b	Applied to undistributed income of prior years (Election required—see page 25 of the instructions)		-0-		
c	Treated as distributions out of corpus (Election required—see page 25 of the instructions)	-0-			
d	Applied to 2005 distributable amount				15,939
e	Remaining amount distributed out of corpus	31,741			
5	Excess distributions carryover applied to 2005 *(If an amount appears in column (d), the same amount must be shown in column (a).)*	-0-			-0-
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	33,841			
b	Prior years' undistributed income. Subtract line 4b from line 2b		-0-		
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		-0-		
d	Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions		-0-		
e	Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions			-0-	
f	Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				-0-
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)	-0-			
8	Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)	-0-			
9	**Excess distributions carryover to 2006.** Subtract lines 7 and 8 from line 6a	33,841			
10	Analysis of line 9:				
a	Excess from 2001				
b	Excess from 2002				
c	Excess from 2003				
d	Excess from 2004 — 2,100				
e	Excess from 2005 — 31,741				

Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling . . . . . ▶ N/A

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: **a** "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ⅔ of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see page 26 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

E. A. Herbert, The Oak Foundation, Inc., 133 Winchester Dr., Atlanta, GA 30320-4836
Telephone (404)555-4567

b The form in which applications should be submitted and information and materials they should include:

See attachment.

c Any submission deadlines:

Applications are accepted at any time. Notice of approval, rejection, or requests for additional information usually sent in 2 months.

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

See attachment.

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
Moore-Price Clinic College Park, GA 30337	N/A	Public	To buy equipment	$15,000
Allen Reid Museum of Fine Arts Atlanta, GA 30301	N/A	Pvt. Op. Fdn.	To renovate museum	15,000
Ervin Guinn Institute Stone Mtn., GA 30087	N/A	Public	To buy library materials	10,000
Blue Circle of America Washington, DC 20005	N/A	Public	To build campground	5,000
Total . . . . ▶ **3a**				$45,000
b *Approved for future payment*				
Dr. Clark Eller 101 Gore Ave. Atlanta, GA 30311	None	N/A	For postdoctoral studies	$2,000
Total . . . . ▶ **3b**				$2,000

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (See page 26 of the instructions.)
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	15,000	
4 Dividends and interest from securities			14	4,000	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			1[illegible]	1,000	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				20,000	

13 **Total.** Add line 12, columns (b), (d), and (e) 13 20,000

(See worksheet in line 13 instructions on page 27 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See page 27 of the instructions.)
	N/A

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(1) Cash	1a(1)		X
(2) Other assets	1a(2)		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
(3) Rental of facilities, equipment, or other assets	1b(3)	X	
(4) Reimbursement arrangements	1b(4)		X
(5) Loans or loan guarantees	1b(5)		X
(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is “Yes,” complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no.	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements
b(3)	$2,200	Civic League of Atlanta	The foundation rents space in an office building
			owned by an unrelated section 501(c)(4)
			organization for less than fair rental value.

2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If “Yes,” complete the following schedule.

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

J. Rollins Phillips — 4/12/2006 — President

Signature of officer or trustee — Date — Title

Paid Preparer’s Use Only

Preparer’s signature: Nicholas Miller	Date: 4/3/2006	Check if self-employed ► ☐	Preparer’s SSN or PTIN (See **Signature** on page 28 of the instructions.)
Firm’s name (or yours if self-employed), address, and ZIP code: Nicholas Miller Assoc.		EIN ► 00 : 7654321	
711 Wiles Ave., Atlanta, GA 30302		Phone no. (404) 555-7654	

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2005

Name of organization	Employer identification number
Oak Foundation, Inc.	00 : 1234567

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.** (**Note:** *Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule—see instructions.*)

General Rule—

☒ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules—

☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33⅓ % support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of $5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year.) . . . . ▶ $ ________

Caution: *Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they* ***must*** *check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).*

Name of organization	**Employer identification number**
Oak Foundation, Inc.	00 : 1234567

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Ms. Carroll Haggerty 121 Anderson Ave. Athens, GA 30601-0101	$ 16,000	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2	Ms. Rachel Patton 162 Reno Rd. Rome, GA 30161-1010	$ 15,000	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
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